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East Europe Report

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EAST EUROPE REPORT

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SOVIET SPECIALIST ON DIRECT ECONOMIC TIES IN CEMA

Warsaw TRYBUNA LUDU in Polish 30 Dec 86 p 5

[APN exclusive interview for TRYBUNA LUDU with Oleg Bakovetskiy, chairman of the working group on industrial cooperation of the International Institute of Economic Problems of the Worldwide Socialist System, by Yuriy Shpakov: "New Forms and Prospects: Direct Relations"; first paragraph is TRYBUNA LUDU introduction]

[Text] Can one determine exactly the number of participants in such a many-faceted process as socialist economic integration? According to incomplete data today more than 4,000 industrial units, scientific research centers, construction enterprises, and transportation units from socialist countries maintain one form or another of direct relations within the CEMA. What role do they play in the present stage of cooperation? What are the future prospects? These questions are the subject of the interview with Dr Oleg Bakovetskiy, chairman of the working group on industrial cooperation of the International Institute of Economic Problems of the Worldwide Socialist System.

[Question] The multifarious network of direct relations between CEMA countries did not develop all at once. It has been a long, complicated process. Today, however we speak of a new form of integration. What is the heart of this new conception of direct relations?

[Answer] With the adoption of the "Comprehensive Program for Scientific and Technical Advancement in CEMA Countries to the Year 2000," the economies of our countries entered a new era of intensification. This step requires finding new directions, forms, and methods of organizing cooperation at the enterprise level. The program document only outlines a general strategy. The quality and timeliness of the completion of tasks in the final analysis depends on the parties immediately involved--the combines, enterprise, and research units.

Direct relations should be treated today as one of the basic methods of organizing international cooperation.

[Question] Work has begun on the massive task of transforming the cooperative relations between the enterprises of our countries. Obviously, in order to achieve the best results, we must overcome the obstacles that are impeding further integration.

[Answer] Let's begin where cooperation begins--with the selection of a partner. Frequently the elite made the selection. Such a selection was often not optimal as regards the enterprise's technical capabilities. At the same time, those that had assured domestic production relationships were often not interested in foreign partners.

It is also difficult to establish prices for sub-assemblies and parts supplied due to genuine differences in production costs. Obviously this problem will not be overcome with the wave of a hand. It demands not only common efforts, but mutual compromises.

Prices also present a more deep seated question. The basic determinant of the efficiency of intra-sector cooperation in production for export is that the prices reflect the actual investment of social work. One of the shortcomings of the existing price system is that it does not adequately consider fuels and raw materials. The prices of natural minerals include only an insignificant portion of the actual costs of finding and mining them. Further, some natural resources such as wood and water have had very low values placed on them.

This problem is also directly related to the issue of establishing economically justified relations between the transfer ruble and the currencies of the other CEMA countries. The introduction of a complete economic accounting in the area of foreign economic relations is also an essential condition for establishing direct contacts.

There are many other problems which we are currently seeking to solve. For example, the incompatibility of standards used in various countries, the infrequent use of CEMA standards. Sometimes, enterprises in different CEMA countries use different methods to produce the same item for years. This obviously reduces their ability to cooperate more closely.

[Question] Can the results of direct cooperation be expressed in figures?

[Answer] This is a difficult question. To answer it, it would be necessary to develop an appropriately precise method and to create the appropriate set of instruments that would make it possible to determine the elements of the results produced by direct cooperation. One can only say that the participants in direct relations have noticed the results.

I would like to emphasize once more that the results of direct relations is greatest in the areas that determine the rate of technical advancement. And not only from the point of view of the individual enterprise, but generally from the point of view of society. From this point of view, the development of direct relations between enterprises in the CEMA is most noticeable in the contributions they have made in the solution of problems in the machine industry.

[Question] The cooperation of specialist from the Soviet Experimental Research Institute for Machine Tools with their colleagues from similar centers in Bulgaria, Czechoslovakia, the GDR, Poland, Romania, Hungary, and Yugoslavia can serve as an example.

[Answer] Certainly, but there are others. Cooperation between the Industrial Combine of Heavy Crane Builders in Odessa and the Polish enterprise Labedy in the production of cranes with large lifting capacities and between the tractor factories in Kharkov, USSR and Karlov, Bulgaria in the design and production of the DT-54 tractor and its variants are other examples of equally productive direct cooperation in this sector. The cooperation of the Machine Tools Plant Combine in Bulgaria and the 7th October combine of the GDR is also worth noting. They have designed several new manipulators. Several Soviet enterprises working directly with the Czechoslovak Skoda plant have made significant contributions to the development of rolling mills for the automobile industry. The common efforts of the Polish Ursus Plant with the Czech heavy machinery enterprise in Martin, CSSR to develop the tractor engine of more than 80 horsepower have also been fruitful.

[Question] Given the whole range of existing forms of direct relations, can you outline a model that will prove most useful at the beginning of the next century?

[Answer] At present we have only begun to create such a model. Direct relations are beginning to play a load-bearing role in the creation and operation of large international scientific and technical complexes. Recently, the Soviet press has devoted increasing attention to the creation of common combines. Reports have been printed about two Soviet-Bulgarian scientific and technical machine-building combines, a Soviet-Czech "Robot," and a multilateral combine "Interrobot." At the 27th CPSU Congress, their creation was labeled a contribution of new forms to integration. The innovation of these forms, in brief, lies in their orientation toward the solution of high-priority scientific and production problems. It is believed that such cooperative relations have a great future.

Intense work is underway to create opportunities for the broad development of new, innovative forms of scientific and production cooperation. Common combines, enterprises, and other types of direct cooperation depending on the given goal will be introduced into the integration process of the fraternal countries.

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ECONOMIC DEVELOPMENT OF CEMA NATIONS 1986-1990 FORECAST

Warsaw WIADOMOSCI STATYSTYCZNE in Polish No 9, Sep 86 pp 1-4

[Article by Pawel Tomczyk, professor at Lodz University: "Prospects for the Development of the CEMA Member Countries, 1986-1990"]

[Text] This analysis of economic developments in the CEMA countries for 1986-1990 is based on an econometric model. (Footnote 1) (A description of the most recent version of the model appears in P. Tomczyk, "An Econometric Model of the CEMA Foreign Trade, "Studies of the Institute of Econometrics and Statistics of Lodz University," 1986.) It describes the basic economic sectors, with special attention to foreign trade, for these seven CEMA member countries: Bulgaria, Czechoslovakia, the GDR, Poland, Romania, Hungary, and the Soviet Union. The models of the individual CEMA member countries are interconnected into one system by a set of equations of mutual trade within the CEMA.

The analysis was constructed using all available information for the variables for 1982-84. (Footnote 2) (The model was estimated using data for 1963-81.) This information was drawn from the press, published economic plans, or from other econometric models--Project Link for the world economy and the CEMA member countries and the W-series models for Poland.

The World Economic Situation

The rate of growth of world trade which had been about 2 percent in 1983 was 7 percent in 1984. (Footnote 3) (See "Economic Bulletin for Europe (1984), Vol. 36.) This clear improvement resulted from increased turnover by the United States and Japan. One of the consequences of this increase was an improvement in the trade of fuels, raw materials, and materials (an increase of 7 percent), especially crude oil. There were increases also in the remaining groups of goods that compensated for the declines or minor changes of 1982-83. Prices in world trade continued to decline, especially for fuels and raw materials (-3 percent), largely as a result of the high value of the dollar.

Although there was significant variation among the OECD countries, the basic measure of their economic growth, the gross domestic product (national income), was 3.6 percent higher in 1984 than a year earlier. Besides the high rates of growth for the United States and Japan, Western Europe showed low

rates of 1.4 to 3 percent. (Footnote 4) (See BYSKI ZAGHANICZNE, no 154-156/84). The prospects for the basic economic indicators for the major regions of the world derived from Project Link are shown in Table 1.

Table 1. Prospects for Basic Economic Indicators for the Major Regions of the World

Category	1986	1987	1988
	annual growth in percent		
World:			
National Income	2.7	3.9	3.5
Exports in current prices	10.6	9.6	9.9
OECD Countries			
National Income	1.99	3.64	3.07
Exports in current prices	12.7	10.4	9.3
Imports in current prices	11.5	10.0	10.0
Balance (billion \$)	-23.6	-20.3	-33.5
Socialist Countries			
National Income	4.15	4.35	4.17
Exports in Current prices	7.9	8.1	7.6
Imports in current prices	7.9	8.0	7.9
Balance (billion \$)	17.2	18.9	19.5

Source: Project Link, WORLD OUTLOOK, 22 Aug 1984

Table 1 shows that the rate of economic growth in the socialist countries will exceed the rate of growth for the world and the OECD countries in 1986-1988. Moreover, they will maintain a positive balance of trade, while the OECD countries will maintain a negative balance of trade.

The CEMA Member Countries' Economic Situation

At the beginning of the 1980's the CEMA countries' rate of growth declined or was even negative. This situation was caused by processes in both the economies of these countries and the world economy. Among the basic causes for the decrease in these countries' rate of growth are: (Footnote 5) (See W. Maciejewski, "Directions of Development of Basic Economic Indicators for the CEMA Countries for the 1980's," Seminar CEMA Prospects, Warsaw, Warsaw University, 1983.)

--exhaustion of extensive factors of growth (increase in production capacity, employment, external financing),

--inefficiency of the command economy,

--increase in debt and changes in credit markets,

--economic stagnation of the industrialized countries,

--increased East-West tensions.

These symptoms appeared most sharply in 1980-82. Beginning in 1983 the basic economic indicators of the CEMA member countries improved slightly (see Table 2). But these indicators are still much lower than they were in the 1970's. There was a substantial decline in the rate of imports from capitalist countries, especially for Poland and Romania caused by their large debts to the capitalist countries. Bulgaria and the GDR show relatively high rates of growth for national income during this period. Poland's high rate of growth for 1983-84 appear to be caused by the large declines during the previous years. The accumulation of debts in the capitalist countries has been limited. This trend holds for the majority of the CEMA member countries, although it is most obvious in Romania's case (see Table 2).

The plans for 1985 that ended the 5-year period, during which it became necessary to activate adaptive mechanisms in order to surmount the domestic and international difficulties listed above, assumed further improvement of the basic economic indicators. The rate of growth for individual CEMA countries approximate the indicators for 1984, except for Romania's plan which assumes an increase in the national income of 10 percent and an increase in investments of 8.3 percent. (Footnote 6) (See "CEMA 1985. Starting Point," POLITYKA no 5/1985.)

Premises of the Analysis

As noted at the beginning, all available data for the exogenous variables has been used. For world trade (excluding the socialist countries) the following premises were adopted for the particular product groups for 1986-90: (Footnote 7) (Figures for 1982-84 are actual ones.)

--the rate of growth of exports of fuels and raw materials will stabilize at 2 to 3 percent in 1986-90;

--the rate of growth of exports of machinery and equipment and consumer goods will be 3 to 1.5 percent for 1986-90;

--the rate of growth of exports of food and unprocessed food will be 3 to 4 percent to 1988 and then 2 percent.

The assumed prices in world trade in particular product groups are as follows:

--a decline of 2 percent in fuel, raw materials, and materials in 1985 (a continuation of the trend of previous years), and an increase of 1 to 2 percent in 1986-87, and a higher rate of 2 to 4 percent in 1988-90;

--an increase of 1 to 2 percent in prices of processed goods (machinery and equipment, and consumer goods).

Price formation in mutual trade results from the use of rolling prices in establishing prices in this market. For fuels, raw materials, and materials, prices are to increase 16 percent in 1985, as a result of the increase of world prices at the beginning of the 1980's, to increase 2 percent in 1986, and to decline 2 to 3 percent in the following years. Food prices are to increase 6 percent in 1985-86, and then 1 percent in the following years.

Table 2. Basic Economic Indicators for CEMA Countries 1982-84

Country	National Income	Invest- ment	Exports ^a		Imports ^a		Gross Debt Capitalist ^b Countries
			Total Countries	Capitalist Countries	Total Countries	Capitalist Countries	
Annual Growth Rates In Percent							
Bulgaria							
1982	4.1	3.6	11.3	-6.7	3.1	- 8.2	3300
1983	3.0	0.8	4.4	8.6	5.2	-13.8	2900
1984	4.6	1.2	8.1				2700 ^c
CSSR							
1982	0.1	-1.6	5.8	-1.5	2.8	-6.5	3800
1983	2.5	0.3	5.9	5.7 ^d	2.1 ^d	-2.4	3700
1984	3.2	4.1	8.0 ^d	4.6 ^d	8.0 ^d		3200 ^a
GDR							
1982	2.6	-5.2	6.0	20.5	-5.0 ^d	-3.6	10000
1983	4.4	0.0	11.0	7.0	5.0 ^d	14.3 ^c	11500
1984	5.5	-5.5	5.0				11200 ^c
Poland							
1982	-5.5	-12.1	8.7	5.5	-13.7	-22.1	27300
1983	6.0	9.4	0.3	10.5	5.2 ^d	9.8	27800
1984	5.6	8.8	9.0 ^d		9.0 ^d		28200 ^c
Romania							
1982	2.8	-3.1	-9.5	-14.4	-24.2	-45.3	11300
1983	4.0	2.4	6.0	-3.4	-4.3	-31.3	9300
1984	7.7	6.1					8800 ^c
Hungary							
1982	2.6	-2.2	7.2	9.1	0.0	-2.6	7300
1983	0.4	-2.7	9.5 ^d	16.9 ^d	4.0 ^d	15.0	7500
1984	3.0	-6.0	6.5 ^d	5.0 ^d	0.9 ^d	0.0	7200 ^c
USSR							
1982	4.0	3.6	5.0	9.3	0.0	6.0	16800
1983	4.2	5.7	3.0	1.4	4.0	1.4	19000
1984	3.2	2.0					17800 ^c

a) Current prices

b) Million \$

c) Estimate

d) Plan

Sources: CEMA member country statistics, Chief Statistical Office communiques, materials of the Institute for the Study of Foreign Trade Business Cycles and Trends, and A. Burghardt, C. Kortvelyessy, "Comecon, Economics, Debt and Prospects," Vienna: Euromoney Publications, 1984.

The assumed values of the exogenous variables for trade balances of the CEMA countries with non-members and the debt to capitalist countries for 1985-1990 are shown in Table 3.

In general a constant positive trade balance with non-member countries is expected. (Footnote 8) (See "Project Link, WORLD OUTLOOK, 22 Aug 1984.) This is a result of the payments situation of the CEMA countries in relation to the capitalist countries (except the USSR).

Poland and Romania will have relatively high positive balances as a result of their particularly difficult payment situations. Debt accumulation is assumed either to slow or to decline slightly, except for Romania, given its strong debt reductions in 1982-84. (Footnote 9) (See Table 2.)

The exogenous weather variables were assumed to be the average values of 100 with minor variations of 1-2 percent. Variation in the other two exogenous variables, the proportion of industrial investment and agriculture and forestry investment in total investments, is not great and will range from 0 to 2 percent annually in 1986-90. Similar small variation was assumed in the distribution of employment in the CEMA member countries over the total economy, industry, and agriculture and forestry. The average annual rate of growth depending on the country and the sector varies from -1.5 to 1 percent.

Table 3. Values of the Model's Exogenous Variables, Trade Balances of the Individual CEMA Countries with Non-CEMA Countries, and Gross Debt to Capitalist Countries

Category	1986	1987	1988	1989	1990
	million \$ (current prices)				
Trade Balance with Non-CEMA Countries:					
Bulgaria	500	400	400	400	400
CSSR	500	400	400	400	400
GDR	500	500	500	300	300
Poland	1500	1500	1500	1500	1500
Romania	1600	1400	1400	1400	1200
Hungary	500	400	400	400	400
USSR	2800	2800	2500	2500	2500
Gross Debt:					
CSSR	3000	3000	3000	3000	3000
GDR	10600	10600	10600	10600	10600
Poland	30500	31000	31500	32000	32500
Romania	7500	7000	6800	6000	5500
Hungary	6900	6900	6900	6900	6900

Source: My own calculations.

Results of the Analysis

The analysis of the basic economic indicators for Bulgaria for 1986-90 anticipates a significant rate of growth in all categories in comparison with the other CEMA countries. The national income should grow at a rate of 4.3 to 5.9 percent annually; investment, 6.0 to 7.4 percent annually; consumption 4.3 to 5.6 percent annually.

Table 4. Prospects for Basic Economic Categories for Bulgaria and the CSSR for 1986-90 (constant prices)

Category	1986	1987	1988	1989	1990
Bulgaria:					
National Income ^a	5.9	5.9	5.6	4.4	4.3
Investment ^a	7.1	7.3	7.4	7.4	7.3
Consumption from					
Personal Income	5.2	5.6	5.0	4.6	4.7
Exports to CEMA	6.5	6.8	6.8	6.6	6.1
Other Exports	3.8	3.6	3.2	3.0	2.8
Imports from CEMA	4.4	5.5	5.6	6.2	6.3
Other Imports	10.6	9.3	8.2	3.0	3.0
CSSR:					
National Income	3.5	3.7	3.2	3.2	3.2
Investment	4.6	5.1	4.4	4.5	4.4
Consumption from					
Personal Income	2.4	3.2	3.4	3.1	2.9
Exports to CEMA	4.5	5.0	5.3	5.2	5.3
Other Exports	3.7	3.1	3.5	3.6	2.5
Imports from CEMA	4.5	5.8	5.4	5.5	5.4
Other Imports	5.5	4.2	1.8	1.1	1.3

a) Current Prices

Source: My own calculations.

The relatively optimistic analysis for these indicators is based on the absence of problems with debt to the capitalist countries and Bulgaria's excellent economic performance in recent years.

Bulgarian exports to CEMA countries should grow more rapidly than exports to other, non-CEMA countries in 1986-90.

The anticipated rate of growth of imports from CEMA countries should be lower than the rate of growth of exports to these countries. The basic reason for this appears to be a trend toward equalizing the negative trade balances of previous years, especially with the Soviet Union. (Footnote 10) (This trend also appears in the other CEMA countries, with the exception of the USSR of course. See the rest of the analysis). The rate of growth of imports from other countries, however, exceeds both the rate for exports to the CEMA and to other countries. Nevertheless, Bulgaria is expected to have a positive balance of trade with the non-socialist countries of \$400 to \$600 million annually (see Table 3).

The predicted rate of growth of the national income of the CSSR, about 3.2 percent for 1985, will be higher later, about 3.2 to 3.7 percent (see Table 4). Investment in the CSSR for 1986-90 will increase annually by 4.5 to 5.0 percent, and consumption will increase 3.0 to 3.5 percent annually.

Czechoslovak exports will increase more rapidly to the CEMA than to other countries. Imports from the CEMA will be approximately the same as from other countries for 1985-86 and significantly higher for 1987-90. The rate of growth of imports from the CEMA will grow at about the same rate as exports to the CEMA. The rate of growth of Czechoslovak imports from other countries will exceed that of exports to these countries for 1985-88, but after it will be lower.

The basic economic indicators for the GDR will grow relatively rapidly in comparison with those of the other CEMA countries. The rate of growth will also be quite stable for each year. The annual rate of growth of the national income should be 4.6 to 4.8 percent, investment 5.4 to 4.7, and consumption 3.6 to 3.8 percent (see Table 5).

Exports to the CEMA should grow more rapidly than exports to other countries. Imports from the CEMA should also increase more rapidly than they do from other countries. As for other CEMA countries other than the USSR, exports should increase more rapidly than imports from the CEMA countries.

Poland's national income should increase annually about 3.9 to 4.6 percent in 1986-90. Investments should grow 4.4 to 5.8 percent annually, and consumption should grow about 1.4 to 2.7 percent annually (see Table 5).

Table 5. Prospects for Basic Economic Categories for the GDR and Poland
(constant prices)

Category	1987	1988	1989	1990
GDR				
National Income	4.8	4.6	4.7	4.7
Investment	5.5	5.4	5.5	5.4
Consumption from				
Personal Income	3.7	3.8	3.7	3.6
Exports to CEMA	6.7	5.6	5.8	5.4
Imports from CEMA	5.2	5.6	5.4	5.7
Other Imports	1.9	1.1	3.3	0.7
Poland:				
National Income	4.0	3.9	4.1	4.3
Investment	5.9	5.1	4.4	4.4
Consumption from				
Personal Income	2.0	2.1	2.2	2.7
Exports to CEMA	6.9	6.8	6.7	6.7
Other Exports	1.2	2.0	0.8	1.5
Imports from CEMA	5.7	5.5	5.6	5.6
Other Imports	4.1	4.9	3.4	3.5

Source: My own calculations.

Poland's exports to the CEMA should increase more rapidly than to other countries in 1986-90. Also, exports to the CEMA should increase more rapidly than imports from the CEMA, as Poland gradually reduces its debt to the CEMA countries, especially the USSR. Imports from other countries will increase more rapidly than exports to other countries, and Poland will have a \$1.5 billion trade surplus during the period. (Footnote 11) (See Table 3.)

Romania's national income should grow 4.1 to 5.0 percent annually in 1986-90, and while this is relatively high in comparison with the other CEMA countries, it is pessimistic in comparison with Romania's economic plans.

In our opinion, given the present economic situation in Romania and the tremendous effort to pay its debt and low imports, 10 percent annual growth is unrealistic. For similar reasons, the predicted rate of increase in investment of 4.3 to 6 percent appears more realistic than the planned rates of 8 to 9 percent annually.

The increase in Romanian exports to CEMA countries, as for the other CEMA countries discussed so far, should exceed the increase in exports to other countries (see Table 6).

Table 6. Prospects for Basic Economic Categories for Romania and Hungary (constant prices)

Category	1986	1987	1988	1989	1990
	annual rates of growth in percent				
Romania:					
National Income	4.1	4.8	4.7	4.6	4.7
Investment	4.3	6.8	5.7	5.5	6.1
Consumption from					
Personal Income	3.9	3.4	3.4	3.5	3.5
Exports to CEMA	4.6	5.5	5.2	5.5	5.6
Other Exports	3.4	3.4	2.5	2.2	2.1
Imports from CEMA ^a	4.3	7.6	6.9	6.4	7.2
Other Imports	5.3	7.5	6.6	6.6	5.8
Hungary:					
National Income	2.6	2.3	2.1	2.1	2.0
Investment	3.3	6.6	4.5	4.1	4.0
Consumption from					
Personal Income	1.9	2.8	2.9	3.0	3.0
Exports to CEMA	6.7	3.7	5.1	4.7	4.8
Other Exports	2.4	3.2	1.5	1.0	0.9
Imports from CEMA	2.3	6.5	4.5	4.9	4.8
Other Imports	2.1	7.6	2.3	1.7	1.2

^a Current prices.

Source: My own calculations.

Romanian imports from the CEMA will increase more slowly than exports to these countries and than imports from other countries. Romanian imports from other countries will also increase more rapidly than exports to these countries and Romania should maintain a high positive balance of trade with these countries. (Footnote 12) (Ibid.)

Hungary's national income should grow moderately, by 2 to 2.7 percent annually, in 1986-90. Investment should grow 3 to 6.4 percent annually, and consumption, 2 to 3 percent annually (see Table 6).

In Hungary's case, as for the other countries discussed so far, exports to the CEMA should increase more rapidly than exports to other countries. Moreover, imports from the CEMA should increase more rapidly than imports from the other countries except in 1987 but more slowly than exports to the CEMA, again except in 1987.

The Soviet Union's national income should grow at a rate of 2.2 to 3.1 percent annually in 1986-1990. Investments should increase somewhat more rapidly, 2.6 to 3.5 percent annually. Consumption from personal income should increase 2.6 to 3.1 percent annually (see Table 7).

Table 7. Analysis of Predicted Basic Economic Categories (constant prices)

Category	1986	1987	1988	1989	1990
	annual rate of growth in percent				
National Income	3.2	3.0	3.1	3.2	3.1
Investment	3.5	3.0	3.2	3.2	3.3
Consumption from					
Personal Income	3.1	2.9	2.8	2.7	2.6
Exports to CEMA	3.5	5.0	4.7	4.7	4.8
Other Exports	2.1	2.2	1.2	1.1	1.1
Imports from CEMA	5.7	4.5	4.8	4.7	4.7
Other Imports	2.3	1.6	2.4	1.5	0.7

Source: My own calculations.

Soviet exports to the CEMA will increase more rapidly than to other countries. Soviet imports from the CEMA should increase at a rate similar to that for Soviet exports to these countries. Imports from other countries should increase more rapidly during these years than exports to these countries (except for 1987 and 1990).

This analysis of the basic economic categories of the CEMA countries for 1985-90 yields the following general conclusions.

1) The anticipated rate of increase in national income for 1986-90 in particular CEMA countries will be higher than it was in 1980-82 and will continue the trend of 1983-84. It will, however, be lower than in the 1970's.

- 2) The rate of increase in investment for 1986-90 will be higher than during the first half of the 1980's.
- 3) The rate of increase in consumption in the CEMA countries will be moderate and similar to that of 1981-84.
- 4) CEMA countries exports to other CEMA countries will increase more rapidly than to other countries.
- 5) The anticipated exports to CEMA countries should increase more rapidly than imports from these countries except for the USSR. It will have similar increases for exports and imports.
- 6) Imports from CEMA countries will increase more rapidly than from other countries except for Bulgaria and Romania.
- 7) Imports from other countries will increase slightly faster than exports to these countries, and there will be a positive balance of trade with the non-CEMA countries.

13021/7051

CSO: 2600/301

CEMA TRADE TRENDS 1981-1985 SUMMARIZED

Warsaw TRYBUNA LUDU in Polish 30 Dec 86 p 5

[Article by Eugeniusz Cajda: "Rates and Directions of Change"]

[Text] CEMA countries' foreign trade in 1981-85, as world trade generally, increased more slowly than in the 1970's. While the rate was 17 percent in 1971-75, it was 11.8 percent in 1976-80, and in 1981-85 it was 7.5 percent.

The rate of growth declined most sharply in trade with the most developed capitalist countries. The rate of growth for mutual trade remained at the level of the previous 5 years, but as a proportion of trade it increased from 53.8 percent in 1980 to 61.3 percent in 1985. The proportion of mutual trade for individual CEMA countries ranges from 96.3 percent for Mongolia to 51 percent for Romania. Poland's trade with the socialist countries' was 69.3 percent of its trade.

In 1985, the total trade of the CEMA was 323.3 billion rubles (in current prices). This represented an increase of 43.7 percent over 1980. The total value of exports was 163.8 billion rubles; imports were 159.5 billion rubles. The positive trade balance was 4.3 billion rubles.

The rate of growth for trade with particular groups of countries was as follows. Trade among CEMA countries increased most rapidly. In 1980 trade among them was 121.1 billion rubles, and in 1985 it amounted to 198.1 billion rubles. As a result of CEMA decisions to help Vietnam, Cuba, and Mongolia, trade with these countries increased more rapidly. Trade also increased with socialist countries not in the CEMA, especially the PRC.

Despite unfavorable conditions, credit embargo, restrictions on new technology, and protectionist measures, the CEMA countries increased their trade with the developed capitalist countries. In 1980 this trade was 68.7 billion rubles, and in 1985, 78.3 billion rubles. The CEMA countries had a slight positive balance of trade with these countries. Exports were 39.2 billion rubles; imports, 39.1 billion rubles. The chief trading partners for the CEMA are the FRG, Italy, France, Austria, and Finland. It is worth emphasizing that trade with the EEC constituted more than 50 percent and with the EFTA 29 percent of CEMA trade with the developed economies of the capitalist countries.

In 1981-85 CEMA trade with the developing countries increased by 4.1 percent. This was not as imposing as during the previous 5 years, but the absolute value of trade increased from 25.9 billion rubles to 31.7 billion rubles. Among the developing countries the most important trading partners are India, Libya, Egypt, Iraq, and Argentina.

During this 5-year period the structure of trade changed slightly. Nevertheless, thanks to industrial specialization and cooperation the CEMA countries were able to satisfy their import needs in many important sectors.

13021/7051

CSO: 2600/312

POLAND'S POSITION IN CEMA INTEGRATION EFFORTS STUDIED

Warsaw HANDEL ZAGRANICZNY in Polish No 4-5, Apr-May 86 pp 8-12

[Article by Witold Trzeciakowski: "Poland in the CEMA in Light of Research"]

[Text] The external environment for cooperation between Poland and other CEMA countries was recognized to be a key topic of research on the socialist economic integration carried out between 1981 and 1985. A summary of the results of this research is divided into four chapters: I - economic problems of the European CEMA countries, II - the strategy for Polish links with foreign countries, III- systemic studies, IV - methods of research. The first three chapters of this overview are discussed below. (Footnote 0) (The paper contains a discussion of the results of research coordinated by the Institute for Economic Sciences of the Polish Academy of Sciences in 1981 through 1985 within the master topic 11.6 - "Processes of International Economic Integration and Cooperation of Socialist Countries." This description is based on the synthetic overview of research prepared by a team consisting of P. Glikman, W. Maciejewski, J. Mujzel, B. Wojciechowski, A. Iwaszkiewicz, A. Leopold, J. Lisowski, Cz. Szczepanska, J. Szewc, A. Topinski, D. Wilczynska, E. Wojciechowska, M. Wyznikiewicz under the direction of W. Trzeciakowski. The full text of the synthetic overview will be published in STUDIA EKONOMICZNE, 1986, No. 11 (in print), published by the Institute for Economic Research of the Polish Academy of Sciences.)

Chapter I. Economic Problems of the European CEMA Countries

Problems of national economies in the CEMA member countries were analyzed in this section of the research project, the emphasis being on the standing of Poland among other member countries. (Footnote 1) (W. Maciejewski coordinated and wrote this section of the synthetic overview, in which he analyzes his own work as well as background studies prepared at three research facilities: the University of Warsaw, the University of Gdansk, and the University of Lodz. See W. Maciejewski, Economic Situation in the CEMA Countries, Warsaw, 1985.) The results of this research indicate that the growth rates of national income envisaged by successive 5-year plans of all the CEMA countries (combined) have trended as follows: in 1971-1975 - 6.4 percent annually on the average, in 1976-1980 - 4.1 percent, and in the years 1981-1985 - 3.5 percent. Due to the underfulfillment of these plans in the first 2 years of the past 5-year period, and despite a considerable improvement in the years 1983 and 1984, it

may be expected that the growth targets for national income envisaged by the 5-year plans will not be fully met. (Footnote 2) (See J. Janczewski and R. Klos, Study of the 1984 Plan Fulfillment in the European CEMA Countries.) A decline in national income was especially pronounced in Poland (by 24 percent in 1982 compared to 1979). In the mid-1980s (as published; "1970s" is called for), per capita national income in Poland was higher than in Bulgaria, the USSR and Romania, whereas in 1983 Hungary and the USSR were ahead of Poland by more than 40 percent, Bulgaria and Czechoslovakia - by approximately 60 percent, and the GDR - by 100 percent. (Footnote 3) (See M. Rednarska and Z. Zekonski, "Study of Long-Term Changes in Living Conditions in the CEMA Countries and Hypotheses Concerning Future Trends," Warsaw, 1985.)

Distributed national income in the CEMA countries was below produced national income, due to the secured positive net exports allocated to servicing and, in part, repaying the debt. Total net debt of the CEMA countries fell from \$74.6 billion in 1981 to \$55.0 billion in 1984. The credit rating of these countries in the international credit market has improved. Poland has become the only CEMA country whose debt is still growing. At the same time, the debt of the 6 European CEMA countries to the USSR has grown, mainly due to the persistence of unfavorable terms of trade with that country. This debt increased from 5.9 billion rubles in 1980 to 14.7 billion rubles in 1984. This creates a considerable problem of simultaneous repayment of debt to both payment zones, especially for Poland. It should be stressed that the USSR has agreed to postpone the repayment of Polish (as published; "Soviet" is called for) loans extended to Poland until after 1988.

In a majority of the countries surveyed, positive foreign trade balances have been achieved not by increasing exports, but mainly by reducing imports, including primarily those of capital goods. This phenomenon, occurring to a different degree in individual countries, brings about the widening of the technical and technological gap. In this reference, it should be noted that Poland has made the deepest cuts in imports from the hard-currency zone.

Beginning in 1977, the rate of growth of industrial production declined in all CEMA countries. This phenomenon was especially pronounced in Poland, where an absolute annual decline of production at an average rate of 2.5 percent occurred in 1981 through 1983. The trend towards lower rates of growth of industrial production was overcome in 1983 and 1984. However, it is still expected that the CEMA countries (combined) will not achieve the growth of industrial production planned for 1981-1985.

Structural problems and the impact of import restrictions have brought about incomplete utilization of the industrial capacity. Results of research for 1983 show the following capacity utilization factors: Poland - 66.4 percent; Hungary - 77.4 percent, the USSR - 81.9 percent, Bulgaria - 81.9 percent, Czechoslovakia - 87.9 percent, and the GDR - 94.7 percent. Detailed analysis suggests that spare capacity is available in generally the same branches of industry in individual CEMA countries, which impedes its utilization within the framework of mutual cooperation. This phenomenon explains the relatively weak response to Polish offers of leasing the spare production capacity of industry to other countries. (Footnote 4) (See "Premises for the Rate of Growth of Industry in Poland in the Context of Industrial Development in the

CEMA Countries," a collective work under the direction of J. Wojewnik, Sopot, 1985.)

The situation in agriculture of the CEMA countries has been complex. Despite favorable results in recent years, it will be difficult for most CEMA countries to fully meet the targets of plans for 1981-1985 (e.g. in the USSR grain production in 1984 fell 70 million tons short of the plan). A comparative analysis of productivity in agriculture in various countries points up considerable reserves for the growth of agricultural production in Poland. (Footnote 5) (See D. Kalinin, Degree of Self-Sufficiency in Agricultural Products, Its Causes and Consequences, in "The Dilemmas of Development in the European CEMA Countries," W. Maciejewski, scientific editor, the University of Warsaw, Warsaw; in print.)

For 1981-1985, all CEMA countries planned a considerable reduction in the rate of growth of investment. Czechoslovakia and Poland envisaged an absolute decline in investment. An analysis of fulfillment of these plans indicates a lack of continuity in the investment process in the European CEMA countries: it is marked by abrupt shifts in individual years from highly negative to positive indicators. This is not the case in the USSR, where the investment process is relatively continuous. Changes in the imports of capital goods from the West vary widely. They were the most profound in Poland and Rumania. The process of depreciation of fixed assets in many branches of Polish industry may intensify due to the dependence of fixed assets acquired in the 1970s on imports for replacement.

In the European CEMA countries, consumption was under protection. In 1981-1984, the annual growth of individual consumption ranged between 1.1 and 3.1 percent, except for Poland, where consumption declined at a rate of 3.1 percent (i.e. fell by about 12 percent between 1981 and 1984). Collective consumption grew by between 0.8 and 5.1 percent annually on the average, with the exception of Romania, where it fell by 0.2 percent. (Footnote 6) (See M. Wisniewski, Consumption in the CEMA Countries in the Years 1981-1985, Warsaw, 1985.) The position of Poland among other CEMA countries with regard to consumption deteriorated between 1981 and 1984. (Footnote 7) (See M. Bednarska, Z. Zekonski, "Study of Long-Term Changes in Living Conditions...", as above.)

In the 1980s, ecological restraints on economic growth have become more apparent in all CEMA countries. This phenomenon has been especially pronounced in Poland, where half as much is spent for environmental conservation as in the USSR and Bulgaria, or one-third as much as is necessary to arrest further deterioration of the environment (excluding the cost of controlling the damage caused by the discharge of sulphur dioxide). (Footnote 8) (See T. Zylicz, Issues of Environmental Protection in the CEMA Countries -- Status and Danger to the Environment in the CEMA and EEC Countries, Warsaw, 1985.)

Projections of national income and consumption in the CEMA countries in the late 1980s differ greatly -- from the optimistic estimates by the team from the University of Lodz (Footnote 9) (See J. Gajda and P. Tomczyk, Econometric Model of CEMA Countries -- Simulation Studies and Projections 1985-1990, Lodz,

1985 and G. Defin - Tomczyk, J. Gijda and P. Tomczyk, *Biometric Forecasts of Development of the CEMA Countries 1985-1990* (comparative study), Lodz, 1985.) (see table 1) to the considerably lower estimates by Wharton Econometric Forecasting Associates (WEFA). (Footnote 10) (See Centrally Planned Economies Outlook, October 1985.)

Estimates presented in table 1 appear to be much too high, compared both to other projections and to the 5-year plan targets of some CEMA countries announced to date. For example, according to the WEFA projection, the rates

Table 1. Projection of Economic Growth in the CEMA Countries in 1985 through 1990 (average annual growth rate in percent)

Country	National income	Consumption
Bulgaria	6.5 - 7.7	4.8 - 6.6
Czechoslovakia	3.7 - 4.9	2.4 - 3.4
GER	4.8 - 5.8	3.6 - 4.8
Poland	4.6 - 5.5	1.4 - 2.7
Romania	4.1 - 6.5	2.9 - 4.9
Hungary	2.1 - 4.2	1.9 - 3.8
USSR	2.2 - 3.2	2.6 - 3.1

Source: see footnote 9.

Table 2. Projection of Hard-Currency Debt Until 1990

Ratio	USSR	Poland	GER	Czechoslovakia	Hungary	Romania	Bulgaria
Net debt --1990 billion \$	21.4	34.0	9.6	1.7	5.9	1.9	1.0
Debt service ratio in percent							
--1990	16.5	45.2	24.4	12.6	40.1	15.0	21.2
--1985	13.1	62.5	14.1	20.5	52.9	29.6	12.9

Source: see footnote 10

of economic growth (GDP) for a majority of countries are considerably lower (for Poland, 2.0-2.5, for Czechoslovakia, 1.2-1.4, for the GDR, 2.5-2.8, for Bulgaria, 2.1-2.4). To be sure, the rates of growth planned in these countries do not bear out the latter projections, but as a rule they are lower than the projections by the team from the University of Lodz (Poland - 3.2-3.5, Bulgaria - 4.0-4.6, Czechoslovakia - 2.5, the USSR - 3.5-4.0).

The projection of debt by the WEFA (see table 2) envisages an improvement in the ratio of annual debt service costs to the annual value of hard currency exports (with the exception of Bulgaria), whereas for the USSR this ratio will increase due to the expected decline in oil prices and stabilized oil output.

Studies carried out in this section of the research project suggest that all CEMA countries will need to resort to intensive methods of economic development. Adjustment processes are being carried out in individual countries through different strategies of development and systems of economic management. Evaluating the efficiency of adjustment processes transcends the framework of research outlined.

This spectacular deterioration of the position of Poland may be attributed to the errors of the socio-economic policy in the 1970s. It may also be due to the processes currently underway in the real sphere and weak systemic links. This trend will be addressed in the subsequent chapters of the review.

Chapter II: Strategy for Ties Between Poland and Foreign Countries

(Footnote 11) (P. Glikman is the author of this chapter of the synthetic overview of research results). In the early 1980s, the Polish economy faced particularly difficult structural conditions, owing to the following factors and phenomena:

- national income fell by 24 percent between 1979 and 1982, which is without precedent;
- it became necessary for the economy to switch from a considerable negative foreign trade balance to a positive balance (about \$1.5 billion). Drastic restrictions on imports were the reason for this turnaround, causing incomplete utilization of production capacity;
- the Polish economy registered the worst debt service ratio, whereas the potential for increasing exports of raw materials had already been exhausted, and exports of machines and equipment were declining;
- the structure of production, fixed assets, and foreign trade in the Polish economy was unfavorable and highly resource-intensive; marginal costs of incremental production of raw materials were high; the newest segment of fixed assets was being depreciated; developing resource-intensive production was running into an acute ecological barrier, and overcoming it would entail high outlays;
- efficiency-oriented restructuring was blocked by a backlog of ongoing investment projects started in the 1970s;

- unfavorable social conditions did not facilitate readiness to sacrifice in the name of overcoming the crisis swiftly.

Several scenarios of the magnitude of changes in the structure of production and exports until the year 2000 have been prepared. (Footnote 12) (See Directions of Structural and Systemic Transformation in the National Economy of Poland in the Light of the External Environment (overview and conclusions), a collective work under the direction of R. Wojciechowski, Warsaw, 1985.) The following statistics show the scope of the necessary structural changes: the share of raw materials in exports should decrease from 12.5 percent in 1983 to 5.9 percent in 2000, whereas the share of manufactures and services should increase from 62.7 to 78.9 percent (at an assumed 5-percent rate of growth of national income). Achieving such growth rates calls for increasing imports by 7.4 percent annually. In their turn, exports should grow by 7.9 percent, at an assumed 5-percent rate of growth of national income and taking into account the cost of servicing foreign debt (it has been assumed that the debt will remain stable until the year 2000). This means that exports of manufactures should grow by 14 percent annually on the average. The above hypothetical calculations show that achieving the assumed 5-percent rate of growth of national income is unrealistic.

The main conclusion of research projects on restructuring and Polish ties with foreign nations summarized here is that far-reaching substitution for supply imports from the hard-currency zone by CEMA imports cannot be carried out in the short term. (Footnote 13) (See P. Glikman, Restructuring of Polish Economic Cooperation with Foreign Countries, Warsaw, 1985.) However, it is possible and expedient to proceed with a long-range policy of multilateral specialization in the CEMA, aimed at reducing energy- and material-intensiveness of production. The argument for this approach is as follows:

- imports from the CEMA have not fully made up for the considerable reduction of supply imports from the capitalist countries. The overall reduction in imports between 1980 and 1984 by more than \$3.2 billion consists of a reduction in imports from the capitalist countries by more than \$2.9 billion and a reduction in imports from the CEMA by \$318 million;

- lacking imports of new technology, spare parts, assemblies etc. cannot be replaced by imports from the CEMA; therefore, it is necessary to develop exports to all zones;

- restricted growth of raw materials production, and, consequently, their exports, makes a greater impact on exchange with the capitalist countries, because opportunities to increase exports of manufactures to the markets in those countries are limited;

- a low volume of hard-currency imports, resulting from insufficient exports partly assigned to service the debt, is the main limiting factor; opportunities to secure new loans are limited, whereas successive agreements with creditors bring only temporary relief and do not solve the problem; a breakthrough in exports is the only solution; there is potential for developing cooperation in the CEMA market, involving, however, capital goods oriented towards restructuring of production in the interest of all partners

and based on technology available within the organization, rather than supply items;

- the situation is exacerbated by the simultaneous accumulation of debt to the capitalist countries and to the USSR; for the 1975-1984 period, the results of price movements calculated by the index method accounted for about 46 percent of the overall negative trade balance with these countries. (Footnote 14) (See J. Lisowski, *Influence of Changes in World Prices on the Polish Foreign Trade*, Warsaw, 1985.) If the 1979 constant prices are made the reference point, then the results of price changes in the 1980-1984 period account at an increasing rate for two-thirds of the entire debt; at yearend 1985, debt to the CEMA countries amounted to approximately 5.6 billion rubles.

In their turn, basic conclusions of research on sectorwide issues of cooperation with the CEMA countries can be reduced to the following statements: Poland is encountering a cost barrier to increasing the supply of fuels and raw materials; along with the necessity to tap increasingly poorer domestic deposits, we face growing costs of imports from the CEMA, which result mainly from the moving-average price base in effect (which, however belatedly, exposes us to the consequences of increased world market prices) and the cost of construction and assembly services borne within the framework of the so-called joint investment projects. (Footnote 15) (See a report by M. Wyznikiewicz on energy carriers based on the following works: J. Blaszczyk, M. Lesz and B. Stolarska, *Analysis of Investment from the Standpoint of Export Promotion and Curtailment of Imports*, Warsaw, 1985, T. Muszkiec, *An Attempt to Analyze Economic Relations Between the People's Republic of Poland and the CEMA, Mainly with the USSR, in the Raw Materials Sector*, Warsaw, 1984, A. Szpilewicz, *Strategy of Integration Measures by the Industry of the PRP Within the CEMA*, Warsaw, 1983, M. Balandynowicz, A. Kurek et al., *A Study of Global Energy-Intensiveness of the Polish Foreign Trade*, Warsaw, 1984; a report by D. Wilczynska on mineral raw materials based on: A. Jankowska-Klapkowska, *Report on Research into Cooperation Between Poland and the CEMA in Raw Materials*, Krakow, 1985; a report by J. Lisowski on transportation and machinebuilding based on: W. Kosnowski, *Danger to the Interests of the Polish Economy in the Sphere of International Economic Cooperation Caused by Disproportions in the Development of the CEMA Transportation System (transportation of raw materials and fuels)*, Warsaw, 1984, A. Jung, *Export-Oriented Development Strategy for the Polish Machinebuilding and Equipment Industry*, Warsaw, 1984, *Environment for the Development of Cooperation Between the Polish Machinebuilding Industry with Industry of Other CEMA Countries Resulting from the Economic and Financial System Established by the Economic Reform*, a collective work under the direction of T. Kierczynski, Warsaw, 1985, A. Leopold, *Conditions for Cooperation Between Poland and Other CEMA Countries in Trade in Agricultural Products*, Warsaw, 1985.)

The need to restructure production with a view to reducing energy- and raw material-intensiveness of growth is the first conclusion suggested by this section of the research project (our energy intensiveness of growth is 2.2 times higher than in the EEC countries). The need to save as much fuel and raw materials as possible is the second conclusion (efficiency of investing into their incremental output is far lower than the efficiency of energy and raw material savings measures). Nonetheless, resource-intensive investment

projects are being continued, the mining industry is being built up, fuel- and energy-saving measures are being postponed, prices for fuels and raw materials are too low, the mining industry is heavily subsidized, and the obsolete and unproductive segments of the fixed capital stock are kept in operation. (Footnote 16) (See J. Blaszczyk, M. Lesz and H. J. Lesz, *Analysis of Investment...*, as above.)

Poland is interested in maximizing fuel and raw material deliveries from the CEMA countries. After all, this is preferable to importing them from the capitalist countries and expansion of domestic mines. Additional efforts from the CEMA countries against exports of world-standard manufactured goods could be the most favorable solution. This, however, presupposes imports of modern equipment and technology from the West and persistent implementation of the economic reform. The so-called joint investment projects, paid for either on the basis of updated price lists for construction and assembly work or on the basis of world market prices for such services along the general guidelines in effect, could be another favorable solution. (Footnote 17) (See expert review by the coordinator of the master topic entitled *Results of Research on the Formation of Links Between the PRP and the CEMA in the Mineral Raw Materials Sector*, Warsaw, 1985.)

Chapter III. Systemic Studies

The international system of CEMA cooperation has remained traditional and order-oriented. Decisions are made at the level of central authorities. The state is the unit balancing the turnover. The CEMA legal mechanism in effect ensures the implementation of economic cooperation in the dimension of interstate relations and national economies as entities. Direct relations between autonomous enterprises and the approach to contracts at the enterprise level, complying with the notion of contracts under civil law, cannot be incorporated in this mechanism. Therefore, efficient development of direct links between economic units from different states, as well as wider use of contracts under civil law, should not be expected unless the present legal mechanism of the CEMA is reformed. (Footnote 18) (See A. Calus, *Final research report on the topic "Trade and Specialization Agreements as a Legal Instrument of Cooperation of CEMA Countries,"* Warsaw, 1985.)

Neither the 1970s nor the 1980s have seen meaningful progress in overcoming systemic barriers to direct cooperation among enterprises. Recommendations of the Comprehensive Program [for the Development of Socialist Economic Integration] on the development of commodity and monetary relations, and especially using the price-setting aspect of exchange rates. [as published; incomplete sentence]

Against the background of the above problems in the system of international cooperation among the CEMA countries, the question of the format of this system in the next 5-year period should be raised. Assuming that this system primarily complies with the internal system of the largest member of the organization, we should look for an answer in the expected evolution of the system of economic management in the USSR.

Thus far, it has been possible for the USSR to expand favorable [trade] exchange by increasing exports of fuels and raw materials; there was no need to emphasize exports of highly upgraded manufactures. The system of centralized management of this type of exchange was fully adequate. This state of affairs brought about the ossification of the traditional system of international cooperation in the CEMA. However, the current decline in fuel prices and limited potential for increasing oil output may prompt the USSR to change the structure of exports towards increasing exports of more upgraded goods. This would call for an efficiency-oriented economy and changes in the system of economic management. To a degree, this would influence the ongoing evolution of the system of international cooperation from the enforcement of the traditional system of interstate agreements towards a mixed system which would provide for the coexistence of traditional cooperation between centralized economies and cooperation based on the system of indirect management using commodity and monetary instruments.

Streamlining or reforming the systems of economic management in individual CEMA countries is at present a commonly acknowledged need. The conditions for introducing systemic changes are the same in all countries, whereas directions in the search for systemic solutions are different, and they do not tend to converge.

In the USSR, the so-called experiment in management, based on a considerable increase in the decision-making powers of state enterprises, is being expanded. (Footnote 19) (See J. Maciejka, *Changes in the System of Economic Management in the USSR in 1983*, Warsaw, 1984. The 27th CPSU Congress called for expanding the arrangements in economic management developed in the framework of this experiment. (Editor's note)) At the same time, elements of workforce participation in management are being introduced. Disequilibrium is counteracted by a policy of increasing supply rather than price and market mechanisms. Collective piece work is being widely introduced. Agro-industrial complexes, an alternative to branch structures, are being developed.

In Hungary, the processes of organizational deconcentration, consisting of splitting concerns operating in the market, are noteworthy. (Footnote 20) (See E. Balcerowicz, *Changes in the System of Planning and Management in Hungary*, Warsaw, 1985.) Small state, cooperative, and private enterprises are being set up, as well as the so-called employee economic teams. Hungarian experiments in the capital market have brought about separating commercial (depository) departments within the framework of the central bank. These departments are similar to foundations; they are endowed with capital by the bank and state organizations entitled to sell bonds which are to finance undertakings in the sphere of technical progress.

The GDR has returned to the so-called new economic system, abandoned in the 1970s, by increasing the role of indirect management methods, reinstating the notions of profit and net product, eliminating associations, and strengthening centrally and regionally managed combines. (Footnote 21) (see T. Rucsko, *Gradual Evolution of the System of Economic Operations in the GDR in the 1980s*, Warsaw, 1985.) The main criteria in the choice of economic policy

scenarios are the degree of meeting the needs of the populace and growth of export potential.

In Czechoslovakia, the supremacy of the central plan is emphasized. (Footnote 22) (See A. Topinski, *Changes in the System of Planning and Management in Czechoslovakia in 1980-1983*, Warsaw, 1985). The application of principles of alternative planning as the foundation of the incentive system and the link between the planning system and economic and financial system of enterprises is peculiar to Czechoslovakia.

In Bulgaria, a general retreat from the policy of centralization has occurred. (Footnote 23) (See *The System of Economic Operations in the People's Republic of Bulgaria*, Warsaw, 1985.) In 1979, large economic organizations were created. They are managed by directives from the central level and indirect indicators; the role of the latter is increasing constantly.

In Romania, economic management is strictly centralized due to acute imbalances occurring in the economy of that country. (Footnote 24) (See K. Dziwulski, *System of Foreign Trade Management in Romania*, Warsaw, 1985.)

In Yugoslavia, economic authority rests with political functionaries at the local level, the system being based on social ownership of the means of production, self-government, and unification of labor treated as a substitute for a market mechanism. (Footnote 25) (M. Dabrowski, *Dilemmas of the Operation of the Yugoslav Economy in the Early 1980s*, Warsaw, 1985.)

In Poland, economic analysis prompting rational decision-making should be the basis for streamlining the system of managing economic cooperation with foreign countries. This analysis should be based on correct exchange rate and price indicators. Principles of rational resource allocation require that the currency exchange rate reflect the alternative cost of securing increments of hard currency, and that prices of raw and other materials reflect the cost of obtaining their increments, i.e. marginal costs or foreign trade prices. Therefore, wholesale prices should become equilibrium prices as soon as possible. The respective source article (Footnote 26) (See W. Trzeciakowski, *Recommended Changes in the System of Economic Operations*, *STUDIA EKONOMICZNE* published by the Institute for Economic Sciences of the Polish Academy of Sciences, 1984, No. 7) details suggestions for implementing such arrangements.

The Hungarian experience indicates that it is possible to reconcile the autonomy of enterprises with the planned and directive-oriented nature of cooperation within the framework of the CEMA. This reconciliation may be effected by economic instruments, provided that planning directives are also based on economic calculations. If this assumption is not met, then the preservation of directives may be offset by a corrective system compensating possible losses by enterprises, as well as by a system of target-oriented contracts. (Footnote 27) (See D. Ladworowski and A. Slabek, *The CEMA Economic Mechanism and Economic Reform in the Foreign Trade of Poland and Economic Cooperation in the CEMA*, collective work under the direction of W. Trzeciakowski, *STUDIA EKONOMICZNE* published by the Institute for Economic Sciences of the Polish Academy of Sciences, 1985, No. 9.)

The following arrangements in the system of managing economic cooperation are suggested (Footnote 28) (See D. Ledwowski, W. Trzeciakowski and B. Wojciechowski, Foreign Trade of Poland in the Mid-1980s, Institute for Economic Sciences of the Polish Academy of Sciences, Warsaw, 1985.):

a) a partial solution in the sphere of foreign trade:

- introducing unified corrective instruments, which are to be gradually restricted as the exchange rate is raised to the equilibrium level,
- extending the use of contract prices to the entire sphere associated directly or indirectly with foreign trade,
- separating out profit generated by exports and attaching to it powerful incentives for enterprises and workforces;

b) a global solution in the spheres where parametric prices apply:

- introducing a submarginal rate of exchange throughout the economy,
- setting wholesale prices at the equilibrium level,
- compensating for the influence of changes in wholesale prices on retail prices by subsidies for consumption or a uniform bonus to wages,
- releasing the incentive function of profit calculated in parametric prices by using tax preferences and respective exemptions from the PFAZ [State Vocational Mobilization and Retraining Fund] contributions,
- keeping current taxes and PFAZ for the sectors operating in non-parametric prices,
- funding imports intended for the needs of [generating] exports by hard-currency loans repayable in export proceeds,
- gradually expanding the parametric sphere by enhancing competition inside the country, auxiliary imports and substitution among commodities of a higher order,
- restricting gradually centralized allocation of hard currency by introducing import tariffs with a view to liberalizing imports.

Solutions a) and b) should be treated as alternative to each other.

Among other things, the synthetic results of research on the processes of socialist economic integration presented here indicate that the position of the Polish economy relative to other CEMA countries is deteriorating. Restoring this position and regaining the ability to develop (especially in the generally less favorable external environment and with the burden of servicing foreign debt) hinge largely on the success of efficiency-oriented changes, which should be compelled by the process of reforming the economy. It may be expected that other CEMA countries will also embark on undertakings similar in nature and intent, though differing in specific arrangements.

GERMAN MEDIA NOTE DISCORD IN CZECH LEADERSHIP

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 9 Feb 87 p 3

[Report by Viktor Meier, datelined Vienna, 8 Feb 87: "Differences of Opinion in Prague About Moscow's New Policy"]

[Text] The differences of opinion among the Czechoslovak leaders with regard to their evaluation of Gorbachev's policy, already noticeable earlier, seem to have become far more accentuated following Foreign Minister Shevardnadze's visit to Prague. Minister of Foreign Affairs Chnoupek said that the new measures adopted by the Soviet leadership under Gorbachev had "immensely strengthened the Soviet Union's prestige." Observers in Prague are interpreting this praise as indicating that Chnoupek, just like Premier Strougal before him, considers Moscow's new policy a "positive force" and probably hopes it to mean the encouragement of his personal aspirations. On the other hand it was noted that Central Committee secretary Bilak, normally competent for foreign relations, tended to be absent during Shevardnadze's visit. Shortly before, he had received U.S. deputy Secretary of State Whitehead. American sources intimate that Bilak had barely mentioned Gorbachev's new line in the course of these talks.

Sources in Prague affirm that Shevardnadze himself had taken the initiative in arranging his visit to East Berlin and Czechoslovakia. According to his own remarks, his chief purpose in Prague was that of informing the Czechoslovak leaders--in particular President and party boss Husak--about the January plenum of the Soviet Central Committee. The implication is that Shevardnadze was traveling less in his capacity as foreign minister but rather in that of a member of the Soviet Central Committee. His stay in Prague was very brief. The television reports of his visit indicated a mood of formality. It appears that one of Shevardnadze's tasks was that of preparing a visit to Czechoslovakia by Gorbachev. While the Soviet leader had been in Prague on the occasion of an Eastern Bloc summit, he has not yet officially visited either Czechoslovakia or Romania. According to reports circulating in Prague, a Warsaw Pact summit is to take place there in March or April. Gorbachev is said to intend following this by a bilateral visit.

The distinct differences of opinion in Prague represent--at least temporarily--the most important noticeable reaction to Gorbachev's initiatives. They arise logically from the specific political conditions

prevailing in Czechoslovakia. The Soviet party boss' ideas about "democratization," aired at the January Central Committee Plenum, are somewhat reminiscent of the 1968 "Prague Spring" propositions. On the other hand, Brezhnev had installed the current regime in Prague with the specific purpose of preventing any future emergence of such thoughts. With this design in mind and consonant with the policy he pursued in the Soviet Union proper, Brezhnev established a political equilibrium in Prague, that amounted to mutual neutralization and immobility. All of a sudden, Moscow no longer favors such a system. It seems obvious, therefore, that those politicians in Prague and Bratislava, who had not demonstrated undue dogmatism in the Brezhnev era, should endeavor to strengthen their influence and attempt to push the Czechoslovak system toward greater flexibility.

Still, political observers in Prague are asking themselves whether the Czechoslovak Communist Party, in particular its established cadres as constituted since the purges in the aftermath of 1968, really represent a sound basis for new and constructive developments. Some people think that some younger cadres are more open to the new challenges while some older officials consider the stagnation after 1968 to have been forced upon them. In an address to senior party cadres at the end of January, Premier Strougal said that it was fear of a repetition of 1968, that had prevented the efforts at adjustments needed to be undertaken in Czechoslovakia, especially with regard to the economy.

The Soviet Union and its leaders seem to attentively watch developments in Czechoslovakia. Rumors are circulating about imminent changes in the personnel of the Soviet Embassy in Prague so as to underline the fact that a new era has dawned in relations between the two countries. Shevardnadze mentioned that he had, among others, discussed "Warsaw Pact affairs" in Prague. Next week Soviet Defense Minister Sokolov is expected in Prague. Some Czechoslovak Communists as well as members of the general public express the opinion that, under Brezhnev, Soviet forces had not only entered Afghanistan but Czechoslovakia also without the assent of the "host country." Moreover, the 1968 occupation of Czechoslovakia had presented a violation of the postwar military status quo in Europe--to the detriment of the West, because the Soviet forces stationed in Czechoslovakia have long been armed for offensive assignments and represent part and parcel of the respective Soviet military strength in Europe. Since, according to some people in Prague, certain Western politicians seem prepared to "believe Gorbachev's statements," they think it could certainly do not harm to raise the issue of the Soviet forces in Czechoslovakia.

1169A

CSO: 2300/173

MARKET-ORIENTED LABOR PRACTICES RECONCILED TO SOCIALIST GOAL

East Berlin SOZIALISTISCHE ARBEITSWISSENSCHAFT in German Vol 31 No 1, 1987
(signed to press 14 Nov 86) pp 1-9

[Article by Prof Gerhard Schulz, Dr of Economics, graduate sociologist, corresponding member of the GDR Academy of Sciences, research branch director for the Academy of Social Sciences, CC SED, Institute for the Political Economy of Socialism. Original title of article: "Change of Labor in the Field of the Dialectics between Modern Productive Forces and Socialist Production Relationships"]

[Text] A Qualitatively New Phase

Labor change or modification is inherent to scientific-technical progress, especially to the broad application of the key technologies, and to further shaping all public domains. This comes about increasingly for the laborers in the economic reproduction process through the process of recruiting laborers for solving new tasks by means of socialist rationalization and by boosting labor productivity, which lends the Schwedt Initiative its great economic significance.

The 11th SED Congress projected new requirements for systematically shaping the dialectical interrelations between modern productive forces and socialist production relations. A number of new practical steps and, hence, of new aspects result from the qualitatively new essential features of the economic strategy of the 11th party congress, of which special weight attaches at least to the following ones: The key technologies are used widely. For boosting labor productivity and efficiency new reserves are being tapped, and this on the basis of microelectronics, the computer and mainly CAD/CAM techniques, they being the most productive form of applying microelectronics. Enhanced refining of products is being sought at a broad range. A basic condition for hastening in-house rationalization means production in the combines. With a work force already beyond 95,000, that has become an important catalyst for speeding up productive forces development. In line with the economic strategy of the 11th party congress, that is being vastly expanded with an eye to the year 2000. The new relationship between science and production is further being deepened with the idea of more purposefully using even basic research for developing highly productive technologies and products.

In solving these new tasks the socialist educational system proves a derivative condition for a higher effectiveness of the intellectual potential in the economy as well as in other sectors of public life, for which the 11th party congress introduced new measures.

Tens of thousands of engineers and scientists and hundreds of thousands of laborers are dealing with these qualitatively new processes in production. It is obvious that high demands are being placed here on an effective functioning of socialist production relations. "Socialist production relations have also to be fashioned in the future in such a way that they further the dynamic development of the productive forces on behalf of strengthening socialism." (Footnote 1) (Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den XI. Parteitag der SED" [SED Central Committee Report to the 11th SED Congress], Dietz publishing house, Berlin, 1986, p. 27).

These are processes and facts that attest to large-scale qualitative changes in the GDR economy. "This undoubtedly is a tempo of productive forces development that is unprecedented in the entire history of mankind and that vastly overshadows even the transformations in the material productive forces produced by the industrial revolution of the 18th and 19th centuries." (Footnote 2) (K. Hager, "Marxism-Leninism and the Present," NEUES DEUTSCHLAND, 6 November 1986, p. 3).

Increased Scope of Labor Recruitment and Socialist Production Relations

The SED's resolute orientation to hastening the development and introduction of key technologies in production is of great social consequence. They open the doors to future economic growth and to the implementation of the all-round resources-saving type of intensive expanded reproduction, at which comprehensive intensification is aimed. This development is marked by enormous economic dynamics and shapes directly the change of labor.

Between 1981 and 1985, through socialist rationalization and by means of the Schwedt Initiative, 170,000 laborers were shifted to other economically significant tasks. That was an important source for more of a full shift capacity production, for developing consumer goods production, and for rationalization means production.

Erich Honecker makes a point of the increasing scope of this socialist production process toward further fashioning the social labor capacity: "By means of the Schwedt Initiative, at least 3 percent of industrial labor is to be shifted over to new tasks annually in the future. Especially in this case special importance attaches to the supreme principle of socialist rationalization of acting together with and for men." (Footnote 3) (E. Honecker, "From the Concluding Speech at the Berlin Bezirk Delegates Conference," NEUES DEUTSCHLAND, 10 February 1986, p. 4) Between 1986 and 1990 that would amount to a labor capacity of circa 480,000 laborers, tantamount to the increase of labor for the entire economy between 1976 and 1984.

Of the laborers assigned to new and different tasks, 88 percent remained in their old enterprise in the 1981-1985 period. That trend is going to continue even more in the 1986-1990 5-year period. One must point out, however, that this process of continued upward development of the social labor capacity will proceed rather unevenly in the combines and enterprises, the economic sectors and branches, and even in the territories, which in particular cases may have fairly diverse effects on the average ratio of 88:12 mentioned. For all that, one cannot go along with the at times euphoric notion that the tremendous development of modern productive forces would trigger an equally tremendous migration or territorial redistribution of the labor capacity.

For many social and economic reasons the labor capacity should be used in the branches and territories in which it has its start and develops. The main trend of labor recruitment linked with socialist rationalization will still be in the future that circa 85 to 90 percent will stay in the old enterprise while assuming new activities. There are a number of reasons for that; a few should be alluded to here. As the backbone of the economy and the pillar for performance development, the combines of course also form the basis for future efficiency development. That accords with the introduction of the modern key technologies as well as with the ensuing need and chance of recruiting laborers for more effective labor tasks in their own combine enterprise. A highly trained and efficient permanent work force is a significant productivity factor which has to be permanently and stably reproduced to further speed up the intensive expanded reproduction cycle in the combines and enterprises. Finally, one also finds that the enterprises, with the growing opportunities socialist rationalization provides, are chiefly interested in attracting labor to their own industrial reproduction process to achieve further efficiency and performance advances—which also largely conforms to the working people's own interests.

Gaining working people for other enterprises also proceeds on the basis of long-term conceptions on the assignment and effective use of the social labor capacity through common efforts among state organs, enterprises, and trade unions toward solving economic and territorial priorities in structural policy. The qualification structure expresses the systematic recruiting of labor, proper as to needs, for different enterprises. On the average so far nearly 70 to 80 percent of skilled technicians and master foremen were gained who were urgently needed on other jobs in other enterprises and had not been "released" in consequence of rationalization. (Footnote 4) (In a transfer from one to another enterprise, one takes into account the working people's occupational activity, their technical qualifications, job experience, health condition, and age as much as the living and working conditions connected with the new activity and the working wages. To ensure a suitable transition, a transitional contract is signed, according to articles 51 and 53 in the Labor Code, between the laborers and the new enterprise).

It is obvious that in recruiting labor for new tasks for a higher shift capacity use, for rationalization means production, consumer goods production, and new production capacities in the infrastructure and in other sectors, while working and living conditions are being improved, the socialist production relations also undergo change, especially those that result from the further socialization

of labor and production and from production organization. These are processes occurring in the combines and their enterprises, for which reason they are the focal point of further investigations.

Proceeding from the new phase of the scientific-technical revolution, which is marked by the all-inclusive infusion of the key technologies into the entire economic reproduction process, Guenter Mittag emphasizes: "In this further combine development now lies the most important step to perfect the socialist production relations to the point where they take account of the qualitatively new developmental stage of the productive forces." (Footnote 5) (G. Mittag, "Management, Planning, and Effective Accountancy in the GDR Economy," NEUES DEUTSCHLAND, 3 October 1986, p. 3).

These changes range down to the socioeconomic network of the territorial reproduction conditions, which includes favorable territorial conditions, such as still better commuting, customer-friendly hours for stores to be open, broader public office hours and health care, enterprise backup for ensuring generous breaks and heat (even on late and night shifts), attractive cultural and sports opportunities, chances for sensible leisure time activities, and effective environmental protection. One may assume that the potential for attracting new labor merely due to the use of microelectronics in the economy is going to rise significantly in the 1990's, compared to the 1980's. Along with this, the socialist practice of recruiting working people for new assignments for the further shaping of the developed socialist society refutes the nonsensical contention by bourgeois ideologists that through scientific-technical progress society will be deprived of labor or the future society starts to accommodate itself without labor, by which the ills of the capitalist system are meant to become wreathed in mist.

Surveys indicate that an increased flexibility and mobility capacity and a distinct readiness for that can be achieved only if account is taken in good time of the interconnection between modern productive forces, especially the key technologies, the creative efforts of the working people, of the further training, the necessary change of labor, and the ensuing changes in the production relations.

This interconnection is owed to the laborer's creative efforts. If that is lost sight of, one will be hard pressed to justify politically and economically any developmental trends of the further perfecting of socialist production relations in their concrete manifestations as effective developmental forms of motion of the productive forces. Then one incurs the danger, rather, to look at the socialist production relations as isolated entities and as being rather detached from the working people and their concrete work activities and from the real condition of the material productive forces, whereby then the generalized criteria of the production relations are replicated and a rigid schema of them is conveyed.

At times one still runs into the notion that conceives of production relations as something abstract, far removed from daily requirements and the concerns of economic activity. "One ignores that, e.g., the economic relations among the enterprises or between them and the banking institutions--the forms for wage payments and material incentives--plainly are real and concrete manifestations

of the production relations. Many have thought and still think that exploring the problems that have to do with the perfecting of the production relations does not concern them at all, that those are purely abstract questions." (Footnote 6) (L. Abalkin, "27th CPSU Congress on Perfecting the Production Relations," SOTSIALESTICHESKAYA INDUSTRIYA, 20 March 1986, p. 3).

We wish to refer here merely to a few causes that, at least, encouraged such notions in research and instruction in the past. They were supported by the narrowing of the subject matter of the political economy of socialism, widespread principally in the 1950's, to the production relations and their inherent economic laws, which at times led to looking at them in an isolated fashion. Instead of analyzing the concrete manifestations of socialist production relations, the methodological aspect was made into an absolute, and what was offered were mainly "cosmetic operations" in defining certain instances of socialist production relations. Not so rarely one stopped after enumerating the criteria of the production relations, a highly abstract outcome, and ignored the often intricate concrete forms of manifestation. They precisely, however, must now conform to the requirements for key technologies, for which reason they also belong in the center of economic research.

Sometimes one also lost sight of the thesis of Marx that man are the ones on whose shoulders the production relations are placed. Exploring socialist production relations without acknowledging man as the centerpiece led to the neglect of the impulse effect of socialist production relations, relative to man. Yet it is precisely the creative work of the working people that embodies the dialectics of modern productive forces and socialist production relations. The largely isolated treatment of socialist production relations "per se" also at times foiled constructive suggestions for making them more effective as developmental forms of motion of the modern productive forces.

An outcome of the creative debate after the 8th SED Congress of 1971 is a more precise version of the subject of the political economy of socialism. It provides economic research with the framework within which the production relations and the economic laws inherent in them, the production relations in their inseparable interconnection and interchange with the modern productive forces and with the superstructure of socialist society, can be explored. The change of labor, principally the assigning of laborers to new tasks, is being examined as a chief trend in the further socialization of labor and production and the further perfecting of socialist production relations.

Change of Labor and Economic Laws of Socialism

With the accelerated development of the modern productive forces, the pervasive economic structural changes, and the new requirements placed on the upward development of the social labor capacity, and on its rational and effective use--linked with the increasing scope of recruiting laborers for new tasks--the effective intensity of the general economic law behind the change of labor mounts. It demands of the laborers a higher degree of flexibility and mobility with labor requirements undergoing change and a prescient development of the socialist production relations. In capitalism, the protracted massive unemployment proves that this law "prevails" with the blind destructive effect of a

natural law and rages at the most boundless waste of manpower and the devastations of social anarchy." (Footnote 7) (K. Marx, "Das Kapital," Vol I, Marx/Engels, "Werke" [Works], Vol 23 pp 511-512).

As any general law so also the general law of the change of labor is decisively marked in its phenomenality and mode of effect by the specific traits of the historically given existing mode of production under which it becomes effective. That the need for the change of labor is not suspended by the given form of social production "but may only change its mode of appearance, is self-evident. Natural laws cannot be suspended at all." (Footnote 8) (K. Marx, Letter to Ludwig Kugelmann, Marx/Engels, "Werke," Vol 32 pp 552-553).

The general economic law of the change of labor, relatively ignored in research for some time, functions within the system of the economic laws of socialism: Accordingly, the basic economic law of socialism determines the socioeconomic thrust of this general law under the aspect of the dialectics between means and ends. From the law of the systematic proportionate development (as the law of the ways and means of the thrust in the socialist economy) result the objective requirements for a structure and quantitative proportionality of the social labor capacity gaged against the criteria for intensive economic management; not last, new fields of assignment in producing and non-producing sectors must systematically be occupied during the continued shaping of developed socialism. From the law of time economy objective requirements arise for the further development of the social labor capacity, the space and time for preparing and implementing this process, the dialectics between society's current and future interests, and others.

In attracting the working people to solving new tasks, out of the systematic effect of the law of the change of labor, and under the conditions of comprehensive intensification, the following requirements have to be stressed:

--In the new fields of assignment one has to ensure a higher labor efficiency for the working people recruited. Of great importance for it is the requisite qualitative structure and quantitative proportionality of the social labor capacity (Marx).

--An active, permanent, and well timed participation by the working people in this process and consideration for their interests are indispensable prerequisites for successfully taking care of these objectives. That alone conforms to the supreme principle of socialist rationalization to act with the people and for the people.

--The dynamic development of the modern productive forces during the change of labor calls for an increasing capacity for flexibility and mobility (including vocational training and advanced training) as well as for a proven readiness for it. This can only be done if along with developing and introducing key technologies one considers and seeks in good time the requisite new economic relations among the collectives, in production organization, in changes in the collectives and in training and in the content and character of labor--in the concrete production relations, in other words.

--Effectively carrying out the transfer process demands that the working people be prepared for it over the long run and thoroughly. The information and instructions given them then on their new labor tasks and the concomitant demands made on qualifications, on working hour regulations, labor organization, wage scales, and other things must be extremely concrete.

--Socialist rationalization requires coordinated efforts as between enterprises and local state organs, as the recruiting of working people always is an element of the systematic shifting of manpower and necessitates effective socioeconomic territorial networks. (Footnote 9) (This need has recently been shown to exist in detail by Praessler's dissertation, "The Cooperation of Enterprises and Local Organs for Rationally Using the Social Labor Capacity under the Conditions of Social Security," CC SED Social Sciences Academy, Berlin, 1986).

--As in recruiting working people social, collective, and personal interests must be made to harmonize, that process must by no means be regarded as a parochial task of a brigade or enterprise department. Rather, this is a social and, above all, political task, the solution of which is to be ensured by the party organization with active trade union participation.

These objective requirements are of fundamental importance for lending the socialist assignment process its socioeconomic features. We can do away with referring to this process as "release and reassignment," as is sometimes done, because that formula does not conform to the socialist ways and means of increasing the labor capacity and of the role of the working people as the proprietors, producers, and landlords in the economy and in society.

In the formula "release and reassignment" the laborer, with regard to the reproduction process, appears as a passive production factor that can be released, assigned, or revamped in fields of activity at will. Behind that formula there completely vanishes the new quality of the active subject in socialism that--in accordance with the supreme principle of socialist rationalization--to act with the people and for the people--performs his creative work in his own and in the public interest. Neither with the release nor with the reassignment to a new job does the socialist rationalization end, but its socioeconomic quality is fully developed only if through the new job assignment the intended public, collective, and individual economic and social effects are reached. If not so, and if the planned level of the new technology is diminished, the organization is made less effective, and working and living conditions are not improved, then we get public friction losses that might lead to higher fluctuations.

Assigning working people to new tasks must be understood as an indispensable process and component of reproducing the social labor capacity in its complexity and diversification in the field of the dialectics between modern productive forces, creative labor and its change, and socialist production relations. That includes an analysis of the developmental tendencies of the modern productive forces, long-term prescient planning, decisions on the material-technical conversion of these developmental tendencies, relevant conclusions on structuring the labor capacity, the necessary qualification requirements, advanced training and so forth. This recruitment process calls for cooperation between the party and trade union managements, economic managements on all levels, and the local people's representations and state organs with the working people. Recruiting

such as this makes clear as under a lens how many problems have to be resolved to harmonize public, collective, and personal interests on the fertile ground of socialist production relations, and that this process presents many problems also to the individual laborers.

For all these reasons the oversimplified term "release and reassignment" misses socialist practice and, mainly also, the GDR's assignment processes that were coped with so successfully and is not suited to defining the socialist quality of that process. On the contrary, it actually would encourage us to draw up a presumed identity between capitalist and socialist rationalization. Capitalist rationalization, as one knows, is for reasons of maximizing profits aimed at the release of labor and comes with massive permanent unemployment. In socialism, on the other hand, socialist rationalization is aimed at introducing modern productive forces on behalf of higher labor efficiency at full employment, social security and the simultaneous improvement of working and living conditions. That way alone one can understand that the working people, through copious analytical efforts, themselves determine the points where to start to perfect the effective range of human labor, whereby human flexibility and mobility are increased.

Change of Labor and Values of Socialism

The 11th Party Congress has called our attention to the great importance of the socioeconomic premises and values of socialism for the rapid development of modern productive forces, the upward development of the social labor capacity, the perfecting of socialist production relations, and the further refinement of management, planning, and incentives. All that results from the socialist ownership in the means of production, the basic economic law of socialism, and the main task derived from it. The emphasis must be placed here on the development of the content and character of labor, the right to education and work, social security, full employment, the improving of working and living conditions, and personality development. These socioeconomic premises or essential features of socialism are being further developed--also in the interest of the growing international attractiveness of socialism--as the accomplishments of the workers class and its allies.

With its economic strategy that looks forward to the year 2000, the 11th Party Congress once again unequivocally ruled out offers that would make socialism proceed along alien routes and are pitched toward placing social stress on the working people. We thus are not following those recommendations to the effect that the socialist planned economy could face the future better as a mixed economy--perfected by elements from the "capitalist market economy"--with alternate approaches to higher efficiency and social security admitted and methods of direct management distilled on behalf of intensive economic management and as a standard element of it. Recommendations with their sources outside of socialism sometimes allow for a "reserve army of unemployed" in socialism, as a recipe for increasing labor intensity, as it were. Within the arsenal of the SED's economic strategy such categories as unemployment and unemployment compensation will continue to look for a place in vain. Guenter Mittag has affirmed: "In the GDR full employment has been and is a characteristic mark of socioeconomic development." (Footnote 10) (G. Mittag, op. cit.).

The public ownership in the means of production gives rise to the already mentioned socioeconomic premises and values of socialism, which determine the ways and means of effectively running the reproduction process. The "control over social production through social insight and prescience, which form the political economy of the workers class," is according to Marx a decisive feature of the socialist economy as such (Footnote 11) (K. Marx, "Inaugural Address to the International Workingmen's Association," Marx/Engels, "Werke," Vol 16, p 11), for which reason "the change of work and, hence, as much of a diversification of labor as possible is to be recognized as a general social production law, with circumstances to be reconciled to its normal implementation" (Footnote 12) (K. Marx, "Das Kapital," Vol I, loc. cit., p 511).

Especially in this field of the dialectics between modern productive forces and socialist production relations, which reflects not only a necessary manpower thrust as an expression of the continued forming of the social labor capacity, the socialist production relations have unequivocally proven themselves superior to capitalist production relations. With it there has formed an efficiently functioning social mechanism for protecting the working people's rights during the change of labor and to ensure social security, buttressed by effective labor legislation and comprehensive rights for the working people, the work collectives, and the trade unions. The process of the change of labor the working people are systematically directing as the masters of the economy and of society under these terms then shows a profoundly democratic character.

5885

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WORKER FLEXIBILITY, MOBILITY DEMANDED BY TECHNOLOGICAL CHANGE

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[Article by Astrid Kalleske, graduate sociologist, candidate; and by Wolf-dietrich Vetter, graduate sociologist, candidate; both with the Academy for Social Sciences, CC SED, Institute for Marxist-Leninist Sociology. Original title of article: "Acquiring Laborers for New Tasks and the Association with Man".]

[Text] With scientific-technical progress and the revolutionary productive forces development, the reciprocal interpenetration of economic and social processes is deepening. Modern technologies and products, structural changes in the economy, and a faster reduction of the expenditure of live labor are hastening the labor change processes, which increasingly also include job changes. The range of these processes is determined by the fact that by means of our economic strategy we have managed to "bring about the conversion to comprehensive production intensification and initiate a penetrating upgrading process in production." (Footnote 1) (Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den XI. Parteitag der SED" [SED Central Committee Report to the 11th SED Congress], Dietz publishing house, Berlin, 1986, p 26) To keep pace with the international tempo of the scientific-technical revolution and achieve top positions, new criteria are required "for gaining new manpower to solve economic priority tasks by cutting back jobs by means of a broad application of the Schwedt Initiative." (Footnote 2) ("Direktive des XI. Parteitages der SED zum Fuenfjahrplan fuer die Entwicklung der Volkswirtschaft der DDR in den Jahren 1986 bis 1990" [11th SED Congress Directive for the 5-Year Plan for the GDR's Economic Development from 1986 to 1990], Dietz publishing house, Berlin, 1986, p 28) The effect of the Schwedt Initiative throughout the entire economy is an immediate precondition for further economic and social progress. Qualitatively novel requirements are engendered thereby for socialist management activity dealing with people. Surveys in industrial enterprises on developing socially necessary job change have stressed as major aspects for management activity requalifying the working people for coping with new techniques and technology, a prescient regard for social problems, and the spread of socialist democracy, particularly with regard to stimulating the working people's own initiative.

Recruiting the labor for new labor tasks is not just a technical-organizational or an economic problem. Social questions go hand in hand with it, rather, that call for the further development of the man-labor relationship and pertain to developmental opportunities for the working people and their work collectives. For socialist management activity the point is that great attention be paid to the shaping of personality-promoting labor contents and conditions at new jobs and the working people's interest in their personal further development at work be used as an impulse for assuming new labor tasks. Management becomes more complex because an effective use of scientific-technical innovations and socially needed job changes can comprehensively be ensured only on the basis of a continuing intertwining of economic, industrial, and individual interests.

Inducing the working people's readiness for job changes and their active participation suggests three priority problem areas:

- Well timed, target-directed, and sound information flow,
- the growing importance of advanced training, dealt with presciently, and
- the development of demanding labor contents and performance promoting working conditions.

1. On the Importance of Well Timed and Target-Directed Information

Well timed information given the working people about changes planned in the enterprise is a performance requirement aimed directly at motivating the working people to assume new labor tasks. For that one first must create on all management levels themselves clarity about the total process and its requirements, possibilities, and needs. Information activity mainly helps reinforce the relationship of trust that exists between the individual, his work collective, and management. It has been found that this relationship of trust generated over the years has fostered the working people's readiness to take an active part in industrial rationalization and conversion projects. From that vantage point, well timed information about relevant changes gains essential importance. Its quality can be measured by how in the outcome of it effective motivations evolve for taking on new labor tasks. All working people must get such information, even those who are not scheduled to take over these new functions directly. That is necessary because even for them changes ensue in the social environment, the work collective or the labor sector. As to when such information should be made available, experience tells us that this partly depends on how much concrete knowledge there is about the real changes in the various departments, possibly all the way down to the particular jobs. When there is such knowledge, one should start providing the information as early in the game as possible.

Where talks are conducted early and concretely relative to sectors and jobs, a conscious and expert participation by the working people would result. Being broadly informed about the political, economic, technical, and social objectives of the changes makes them able to judge these processes in their whole scope and mitigates the feeling of insecurity. Where only the rough outline was known but particular questions about the new activity could not be answered, problems would arise. Enterprise managements became subject to criticism mainly when it was being ignored that the working people set great store by being directly drawn into the processes that organize their work life.

Above all one must consider that the manager's stance and model effect are of crucial importance for persuading the working people to take on new tasks or change jobs. Managers are expected to set an example when different sectors are to be reinforced or new work collectives are to be taken over. Their knowledge and abilities largely also determine the true evaluation of the labor contents and working conditions changing thanks to new technologies. It has been found that providing such realistic ideas about the new assignment conditions is important to avoid discontent on the job and for the working people's identification with new tasks and the development of their self-assurance in coping with new technology.

2. Well Timed Training for the Working People for New Labor Tasks

Today, the qualification requirements for modern techniques and technology increasingly determine the process of recruiting working people for new labor tasks. A change of work, often accompanied by job change, not only causes spatial alterations, but has a deep impact on the working people's daily routine. Above all, complex mechanization and automation alter the appearance of the work activity itself. While in the past partial activities like processing or assembly made up most of what laborers were doing, now the functions turn out to be more and more supervision, control, directing, loading, service and maintenance. That makes, in principle, for higher qualification requirements; the proportion of demanding mental requirements is growing. A changing division of labor as between main and subsidiary processes, their fusion in the laborer's activities, and new principles for organizing the finishing process call for a new quality of combining basics, specialized knowledge, and occupational experience. A qualitative prerequisite for coping with these changes in work activities, it turns out, is the further development of the working people's flexibility, their ability to respond to changing work requirements, and their readiness always again to broaden such abilities of theirs.

The systematic formation and target-directed development of a higher flexibility of the laborers has become a major management emphasis in the enterprises and combines. The point is that it has been found that the scope to which that has already been formed even before new work assignments are assumed is of crucial importance in several respects. It determines the effectiveness of using new technology and so also directly affects the real labor requirement and the objectives in recruiting new labor. The new qualitative and quantitative advanced training requirements resulting from it directly relate to developing the working people's readiness to take on new labor tasks because growing technical abilities enhance the working people's self-confidence and, hence, their understanding in dealing with the data of the scientific-technical revolution. Thus advanced vocational training has assumed an entirely new place value within only a few years.

Far-reaching practical developments go hand in hand with those which call for new ideas for management as individual laborers. The importance of advanced vocational training in the industrial reproduction process will keep increasing, which calls for expanding the material and personnel prerequisites. The need for it also results from the working people's growing need for information as they are using new technologies. That calls for enhancing the

qualification of training as well as for expanding the possibilities and sources of information. Good experience in advanced training were recorded where specialists and technicians in the field of new technologies would be teaching on the side. Their technical expertise is valuable for advanced training measures both substantively and in terms of developing the working people's attitudes toward advanced training.

All in all one may say that progress in advanced training becomes most apparent where combine and enterprise managements place those tasks under their direct control. An appropriate enterprise commitment strengthens the competency of advanced training as well as the working people's training readiness. Increasing demands are placed in the use of new technology on this readiness for training, which is generally well developed. That includes, e.g., the willingness to enrol for training outside of working hours and to face permanent advanced training requirements--especially for certain groups of skilled workers.

The readiness to take on further training, study discipline, and the working people's own interest then call for target-directed motivation. Our surveys have brought out that expectations of the development of labor contents and the need to be up to the requirements of the scientific-technical development in the future constitute important training motives, tantamount to the desire to ensure future improvements in one's standard of living. Especially middle age-group working people show a high technical interest in training geared to technical development. Management places emphasis on inducing women more to consider advanced technical training and have the more unskilled workers become more interested in training.

For effectively handling advanced training measures, the following experiences generally apply:

- To recruit new labor for new tasks one must decide as early as possible on the scope, time frame and content of the training and the concrete circle of personnel required.
- Under the conditions of taking over new technologies or products from other enterprises, task-related training for a regular task force proves effective even before production is geared up. Such workers can then, because of what they know of the new labor tasks and contents, function as pioneers for developing the readiness for further training in the collective and themselves be used as trustees in the advanced training process.
- Training measures for women should be adapted to the special conditions that relate to working women. Conducting intensive courses while production conversion is ongoing or during construction activities, based on special lesson plans, has been found useful.
- Product and method-specific courses are becoming more important when compared with the traditional job-related advanced training.

3. On the Effect of Changed Working and Living Conditions in Meeting New Labor Tasks

The development of the working people's working and living conditions plays a great role in recruiting labor for new tasks. Particularly altered labor assignments require awakening a dedication to the new tasks through properly structured conditions. Experience has shown that the working people's dedication during job changes altogether develops positively. Using such dedication

for initiative-rich work attitudes calls for technical, economic, and labor organization measures. From the great number of tasks that have to be solved here, we shall comment on two of them, to be resolved principally in a given enterprise:

- Shaping performance-encouraging labor contents; and
- setting up production and labor organization prerequisites for consistent performance rating.

In the use of modern technologies for making new products, one tendency has already become increasingly apparent: the laborers' gradual removal from any predetermined sequence of the production process. This development is a requirement for further boosting production efficiency and also makes possible fashioning performance-promoting labor contents. Surveys have demonstrated that the laborers' interest geared to responsible operations and the using of available technical expertise as well as to their self-reliance constitutes an overriding motive for developing the readiness to take on new labor tasks. Performance-promoting labor contents organically link economic intensification with fully exploiting the working people's performance potentials. When such labor contents operate as a motive both for assuming new labor tasks and for the readiness for further training, they are a crucial link connecting social and personal interests in recruiting labor for new tasks. So the fashioning of performance-promoting labor contents has to be a standard component of all rationalization projects. Along with it, it becomes necessary that there is an increase in the proportion of the kind of rationalization measures that would systematically ensure a better utilization of qualifications when technical changes take place. Possibilities for it are suggested through consistently broadening the leeways for action in work activities. Also a change in the division of labor as to main and subsidiary processes, aiming at combining them more closely, plays a supporting role here.

More responsible and independent ways of working encourages the working people's identification with their new labor activities, affects their readiness for advanced training positively, and leads to higher work performance. A comparable effect is seen in the transition from activities traditionally greatly by way of a division of labor to more complex labor tasks. When installation, service, and maintenance tasks are thus integrated within the laborers' profile, this is responsive not only to a growing objective requirement for the use of modern technology, it also is prerequisite to more rapidly reacting to disturbances in the production process and helps enrich the working people's labor content. Also with regard to recruiting working people for multishift labor, potentials can be tapped from performance-promoting labor contents. Surveys point out that working people, when a change of their work becomes necessary socially, for the sake of more substantive type of labor, do accept certain changes in their habitual working conditions and time regimen. (Footnote 3) (Cf. B. Weidling, "Work Contentment and Integration in the Process of Recruiting Manpower for New Tasks," Martin-Luther University Halle-Wittenberg, WISSENSCHAFTLICHE BEITRÄGE, 1985, No 52, pp 52-54. [Materials of the fifth conference for labor sociology sponsored by the economic sciences department of the Martin-Luther University in October 1984]).

Through introducing new technology many opportunities arise for developing a performance attitude among the working people. Questions of performance evaluation and rating play an essential role there. They closely connect with making the socialist performance principle prevail.

When new labor tasks are taken on, problems often arise in terms of the quality of the performance parameters and their modifiability and from the production and labor organization. Laborers are more critical of such matters today because the purpose of their work relates to it and the enforcing of the socialist performance principle depends on it. In this sense then, when new labor tasks are assigned, the following priorities must resolutely be kept in mind:

1. Setting technological prerequisites for consistent performance evaluation before new installations start producing.
2. Preparing ambitious, personally modifiable, and accountable leads for the work performance through scientific labor organization before the working people take on the new labor tasks.
3. Establishing production-organizational prerequisites at the proper time for making material and parts available, for production run-through, and for making devices, tools, and testing equipment available, so as to guarantee also from this side the fulfilment of the work performance parameters.

That also serves the tapping of performance reserves which often can be obtained when production is shifted over from other enterprises. On the whole, the working people have an outspoken need for working in accordance with personally modifiable performance parameters. This orientation, of principle, toward a high performance attitude may turn into an inadequate tapping of performance reserves, work dissatisfaction, and stress on the climate in the collective when there are shortcomings in technological preparation and in the performance evaluation on new jobs.

The conformity of requirements and prerequisites for labor performance, of new demands made on the working people during the scientific-technical revolution and new possibilities for implementing its productive forces is an essential form of the conformity between personal and social interests and encourages the working people's readiness and capability to assume new labor tasks.

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REGIONAL REPORTING ON COOPERATION WITH USSR

Delegation Visits Belchatow Power Plant

Warsaw TRYBUNA LUDU in Polish 26 Nov 86 p 2

[Unattributed report: "Common Subjects: Soviet Guests at Belchatow"]

[Text] Piotrkow Trybunalski—The current visit to Poland of worker-members of the central authorities of the CPSU promotes the exchange of knowledge gained in implementing the directions and programs toward further global development of both countries specified by the resolutions of the recent congresses of the parties in the USSR and Poland.

The visit of a Soviet delegation to the Belchatow Industrial Region in the Piotrkow Voivodship on 25 November 1986 was partly of this type.

The largest plants in the Industrial Region, the brown coal mine and Belchatow Power Plant made a great impression on the members of the Soviet delegation. During meetings with the aktiv of the plants the main topics of discussion were the forms of party work employed in such large industrial plants, the participation of party organizations in meeting production or social goals, and other similar things. The role of union organizations also received much attention.

Economic problems and the economic reform in Poland and the economic acceleration being introduced in the Soviet Union also led to many common subjects.

The meeting of the delegation with representatives of the political and administrative leadership of Piotrkow Voivodship was also devoted to similar matters.

Soviet Planes for 'Lot'

Warsaw EXPRESS WIECZORNY in Polish 17 Nov 86 p 1

[Unattributed report: "Lot Spreads Its Wings"; all quotation marks as published]

[Text] "The shipment of these planes will permit the firm to catch its second wind," commented Wladyslaw Metelski, deputy director for technical affairs of

the Polish Airlines Lot, after signing a contract with a Soviet partner for the shipment of 11 TU-154M planes during the current 5-year period.

Without the new equipment it would be impossible to speak of our carrier spreading its wings. No one is concealing the fact that only this purchase will allow Lot to begin new connections with Warsaw.

"What routes are involved? We have heard of possible connections with Australia through Peking. Is that true?

"For the time being, we would prefer not to reveal the new airports to which our planes will fly in the near future," Director Metelski told EXPRESS, "but I assure you that the plans are ambitious, talks are in progress. For now that is all."

The Soviet TU-154M needs no introduction. As regards the costs of exploitation, it is comparable to the Boeing 727. In the version which Lot has ordered from the Soviet manufacturer it will be able to carry 150 passengers. The crew consists of three persons. The range of the plane is 3,900 to 5,200 km. The maximum speed is 950 km/hr. The plane meets the demands of today and tomorrow, specialists say.

"These planes will fly on the most heavily travelled routes in Europe, to North Africa, and to the Near East," says Zdzislaw Skomorowski, deputy director for Exploitation of Polish Airlines Lot. "Next year according to the contract, we will receive three; and in 1988 and 1989, the same number of planes; and in 1990, the last two planes. Since the summer of this year we have already had two of these planes, one can easily calculate that in 4 years we will have 13 TU-154M planes. It is worth emphasizing that the contract signed with our Soviet partner whose value is today 12 billion zloty also includes shipments of reserve engines and spare parts."

"We believe that these planes will be used by Lot to great benefit," said Wasilii Sturienikin, head of the Foreign Trade Association Aviasuport. "These planes are examples of the newest generation which are currently entering the world market." Among others the Bulgarians have TU-154M planes; we have also signed a contract with China and plan shipments of these planes to Cuba, etc.

Several Lot crews are undergoing training in the Soviet Union in order to take the controls of the TU-154M planes in the near future.

The purchase of these dozen planes will not only reduce the age of Lot's fleet and modernize it, but it will also improve the opportunities to better exploit the long-distance IL-62M planes.

In Soviet design offices new types of passenger planes are being created. There is for example a wooden prototype of the TU-204 which is already being mentioned as the plane for middle distances in the 1990's. Although only the prototype now exists, Lot officials are already considering this plane as an ideal candidate for our carrier.

Cooperation in Helicopter Production

Lublin SZTANDAR LUDU in Polish 12 Nov 86 p 4

[Article by R. Molak: "Cooperation Determined by Friendship: Helicopters a Polish Specialty"]

[Text] In the coming year the Transportation Equipment Plant in Swidnik will begin cooperation with Soviet partners in producing the newest plane, the IL-86. Swidnik will produce the directional and level controls and the inside flaps for the wings for this plane, similar to the Airbus, but more modern and more adequate to the needs of contemporary air transport.

Producing it will require the use of the most modern technology and materials with special properties, etc. The Swidnik Transportation Equipment Plant will also be required to measure up, to raise the level of its production potential. For now the development of the Soviet documentation and preparations for the new production are underway.

Also in the coming year the halls of the Swidnik plant will initiate mass production of the Sokol helicopter, whose construction is completely Polish. The overcoming of the avalanche of problems connected with it places the Lublin area plant among the most modern factories in Poland. It would have been impossible without the multilateral cooperation of the Soviet aviation industry, which began several decades ago.

Thanks to aviation production, the plant, opened in 1951, could ensure employment for several thousand people. At that time this was very important. In the previously agricultural region without any large industrial plants, there was a vexing oversupply of labor.

A Difficult Assignment

The plant achieved production momentum, however, only in 1954 when it took over complete construction and technical documentation of the SM-1, a totally new helicopter in Polish production conditions. Soviet specialists provided profession help, trained the plant's employees, and constructors and workers travelled to plants and design offices of the aviation industry in the Soviet Union.

Preparations to begin production of the helicopters was unbelievably difficult, slow, and laborious. Entire volumes of documentation had to be translated from Russian into Polish and only a few technical or engineering personnel knew that language. The others had to learn it quickly. Everyone was a layman in helicopter technology. Its secrets were stubbornly penetrated, however, using the available sources. A Soviet group of technical advisers under the direction of N. S. Odietentsov provided invaluable help. These excellent practitioners of the subject served with friendly advice everywhere help was needed in overcoming the barriers raised by language and lack of experience. The plant's tie with the main Soviet helicopter constructor Dr M L Mill also began at that time. He and his assistants were frequent guests in Swidnik.

Mass production of the SM-1 helicopter began in 1957 and placed Poland in the ranks of the six producers of this type of equipment in the world, and among the socialist countries second to the Soviet Union.

From the perspective of time, the production achievements of the late 1950's were for the plant a revolutionary period: they established its reputation in Poland.

Further Development

Systematic modernization of the helicopter, improvement of its technical and use value, formed a part of the daily work of the plant employees' cooperation with many plants and research institutes in the Soviet Union. The gathering of experience accompanied the introduction of technologies. Solidification of the aviation crafts guaranteed increasingly better use of the modern production capacity. All this became the foundation to begin production of the SM-2 helicopter, a thorough modification of the previous one.

Next, when it was possible to speak of complete mastery of the secrets of producing these machines, the plant ordered a production license for modern, multipurpose Mi-2 turbine helicopters. The technical documentation was developed by the Polish specialists and again they made use of Soviet help, especially in technologies previously unused in Polish industry like gluing metals, working titanium, heating aluminum, or chemical milling.

Starting production of the Mi-2 brought expansion of the plant, equipping it with modern lathes and equipment much of which was imported from the Soviet Union. The employees' qualifications rose. The Soviet Union as the chief buyer of these helicopters took upon itself the obligation of supplying the Swidnik plant with rare materials like titanium sheeting, thin aluminum sheeting, special glues, large forges, radio navigational equipment, etc.

They worked and are still working together to improve the Mi-2. The helicopters that leave Swidnik have much better technical and exploitation characteristics than those of the first years of production, are more reliable, provide the crew with better conditions, and can fly in the most trying navigational conditions.

So far more than 20 versions and variants of these machines, including version for agricultural, public health, freight, mountain and sea rescue, energy-industry (for locating damaged high-tension lines), have been developed. So far more than 6,000 Mi-2 helicopters have left the production line: most of them have been exported to the CEMA member countries, especially to the Soviet Union.

The Multipurpose Sokol

The experience gained by the plant employees in producing Soviet helicopters, the general help of Soviet aviation specialists, their genuine commitment to produce the best results, have made it possible for the Swidnik constructors to create the first completely Polish helicopter, the Sokol. Presently it is undergoing its last tests before beginning mass production. It has undergone

test flights in the Soviet Union in the most extreme conditions, including high and low temperatures, in mountains, in high winds, with icing on the equipment, etc. It was tested in Moscow factories, in special chambers for resistance to lightning and fire.

The research programs were discussed with Soviet specialists, for there is a real chance that like the Mi-2 the Sokol will find its main market in the Soviet Union.

"Our cooperation with the Soviet aviation industry is mutually beneficial," Kazimierz Pietrzyk, deputy director of the plant, says. "Without exaggeration the history and development of the plant has resulted largely from Polish-Soviet economic relations. Most important for us is the opportunity to produce modern equipment thanks to which many areas of Polish industry have been modernized and possess a steady reliable buyer for our products. The Soviet partner is reliable, dependable, and trusted. Even during the most difficult period in 1980-82 we had supplies, the employees had work. The scale of cooperation, besides the technical and production achievements, shows that in the course of the year about 100 specialists from the plant travel to the Soviet Union and vice-versa. These professional contacts frequently lead to personal friendships, mutual interest in families, daily life, etc. These benefits are also hard to overestimate.

Interest in Mining Cooperation

Wroclaw GAZETA ROBOTNICZA in Polish 10 Nov 86 p 1, 2

[Article by Tadeusz Dudz: "From Official Contacts to Direct Cooperation: Walbrzych and Tula"]

[Excerpt] Today Tula, the city of the ancient masters of samovars and precision instruments, is a major center of the electro-machine, metallurgy, mining, and other industries in the RSFSR. Economically it can be an attractive partner for cooperation. That the Walbrzych Voivodship has much to offer was shown at the exposition, 3-9 November, titled "Walbrzych Voivodship in Exports and Cooperation with the USSR." The exhibits were prepared by 21 enterprises and cooperatives of the 35 plants that export their products to the Soviet market. In the course of the first three quarters of the current year, they have exported goods worth 6.5 billion zloty which is 36 percent of the value of the total exports of this voivodship. Its range of products is very broad—from train cars from Swidnica to leather goods from the Walbrzych cooperative Galasko, or sports equipment from Polsport.

"This export is beneficial to us," said Wladyslaw Chyczewski, director of DsZUG, the organizer and chairman of the Club for Economic and Technical Cooperation with the USSR founded in 1985. "Thus we want to expand our line with new products and strive to make direct cooperative contacts between our factories. At present, the Dolnoslask Loom Factory in Dzierzoniowa, which makes textile equipment parts, maintains a cooperative relation with factories in Cheboksary and not with Tula. We also import a broad selection of goods from the Soviet Union. In each of our plants Soviet machinery and equipment have proven and are proving their worth. The textile plants are processing

Soviet cotton. Our club will use all available methods to expand direct economic cooperation."

Yuriy Ivanovich Litvintsev, first secretary of the Tula CPSU Oblast Committee, pointed out the need and opportunity for expanding cooperation, especially during a period of transformation and acceleration of the Soviet economy during his recent visit.

During a meeting with the aktiv of the Victoria mine, while visiting the Kopernik shaft that is under construction, he took a lively interest in the working conditions of the Walbrzych miners and their coal mining techniques, and the use of the coal. The Moscow area coal fields mine hard and brown coal and process them into derivative products, although they do mine on a larger scale, about 18 million tons annually. "It would be desirable to tighten the economic and production relationships between our plants," stated the first secretary of the CPSU Oblast Committee.

Since this goal is not foreign to the authorities and factories in the Walbrzych Voivodship and the Tula District, the next step toward fraternal cooperation between the fraternal regions, the Walbrzych Voivodship and the Tula District, will be made. The foundations for it have been laid.

Produce Exports from Koszalin

Koszalin GLOS POMORZA in Polish 13 Nov 86 p 1

[Article by Jerzy Lesiak: "Green Exports Our Regions Chance"]

[Text] From our own correspondent--Thanks to the development of block plantations of berry bushes and orchards around cities and in state farms, the Koszalin Voivodship has a significant surplus of fruits for exports. It achievements are known in the production and export of strawberries and raspberries. This year alone it sold foreign buyers more than 5,000 tons of these fresh and processed fruits with a value (in sales prices) of about 1 billion zloty.

Although at first slow and tentative, exports of fruits from these orchards have begun. This year through the Foreign Trade Enterprise Interpogro more than 400 tons of red currants, more than 150 tons of plums, and 18 tons of pears were exported from the voivodship, mostly to the USSR. At present shipments of apples are being sent to the USSR, Czechoslovakia, and West Berlin.

This is an encouraging beginning. More apples, plums, and pears are produced in the Koszalin Voivodship than the local market and processing industry can absorb. Without this years sizeable exports to the USSR, a large part of the fruits in the block plum orchards in Stare Bielice and Konikow near Koszalin would have been wasted. It would also have been hard to find buyers for the whole currant harvest and rapidly ripening pears.

This years shipments to the USSR could have been larger if the necessary quantity of packaging had been available, if the producers had been informed

earlier of the quality requirements, and contracts signed in time. But one has to learn how to export.

The Soviet market presents special opportunities. We reported recently on the government agreement between Poland and the USSR for shipments of fresh and processed fruits and vegetables. It was agreed that exports of orchard products from Poland to the USSR will increase from more than 300,000 tons to more than 900,000 tons in the year 2000. Practically speaking, in 15 years shipments to the Soviet market should triple. It is a great opportunity that central Pomerania should exploit. The significant concentration of orchard production on block plantations and in large-scale orchards created favorable conditions for such exploitation. In such conditions it is easier to prepare appropriately large units of one kind of fruit for export. In the current year 12-ton refrigerator trucks going to the USSR were loaded in a block orchard near Koszalin with plums in the course of 3-4 hours. The fruit was loaded directly onto the trucks from the trees, so they reached the buyers in good condition.

We must strive in the coming year to increase exports to the USSR several fold. To this end we must take better care of the quality of the fruits, prepare packaging, etc. We need to gain a reputation as a good producer and reliable supplier. Competition will be sharp.

Exports of fresh vegetables to West Berlin are also promising. Recently, KSOP sent several shipments there. "We could sell much more," says Czeslaw Biercewicz, "but we do not have the goods." We have made an analysis, and we are increasing our contracts. In West Berlin, we can sell almost any quantity of cauliflower, celery, leeks, parsley, horseradish, onions, and other vegetables, as long as the goods meet the quality requirements."

Besides the KSOP in Koszalin the RSOP in Swidwin and the Food Industry Work Cooperative in Miastko have actively engaged in exports of fruits and vegetables.

Strawberries are and will remain the most important item in exports from the Koszalin Voivodship. In past years, of the 5,000-6,000 tons of this fruit for export, 1,200-1,400 were processed into frozen strawberries, compote, and jams in the voivodship; 2,500-3,000 tons were exported in plastic barrels; the rest was shipped to other freezing plants in Poland, from which it was also exported.

"In the coming year," says Zbigniew Golik, representative of the Foreign Trade Enterprise Interpegro for central Pomerania, "we cannot count on exports in plastic barrels. Foreign buyers will purchase practically any quantity of high quality frozen strawberries, they also want fresh ones with or without stalks packed in 10-kilogram packages and refrigerated before shipment to about 0 degrees. A large quantity of fresh strawberries with stalks in packages can be exported to the USSR, and without stalks to Austria, Sweden, Switzerland, and the member countries of the EEC.

The following state farms have refrigeration equipment in addition to that in Koszalin: in Czaplinek, Polczyn Zdroj, Czluchow, the KPGO in Karnieszewice,

SZD in Dworek, Jerriel Fruit in Wierzychomin, SPSS in Miastko, RSO in Swidwin. KSOP is building a small refrigerator in Koszalin, but as yet it cannot use it because in Poland where one is practically standing on copper, it is impossible to buy copper pipe with a diameter of 58 mm.

Exports of refrigerated strawberries in packaging has particular significance for the KSOP in Koszalin. This cooperative lacks its own processing plants and each year it ships several hundred tons of strawberries to refrigeration plants in the center of Wielkopolska. If the KSOP can find a few of these miserable copper pipes, it will be able to export in its own name.

We must emphasize, however, that exports of frozen strawberries is the most profitable. Thus the most logical future is to develop freezing plants.

Joint Venture in Cosmetics Production

Krakow GAZETA KRAKOWSKA in Polish 31 Oct 86 p 1

[Unattributed report: "In Four Years the Polish-Soviet Cosmetics Factory Will Reach Production"]

[Text] From our own correspondent--"In December an agreement creating a Polish Soviet cosmetics company will be signed," said Director Czeslaw Tochowicz of Miraculum yesterday during a meeting of the Commission on Economic Cooperation with the USSR associated with the National Board of the Society for Polish-Soviet Friendship. The product assortment has been agreed already, and it will consist primarily of cosmetics for children and others already in long use in the Soviet Union: shampoos, creams, bath liquids. The 60-year-old traditions of Miraculum will also be retained.

It has also been decided that both sides will contribute equal quantities of capital, and the Polish side will provide the trade name, technology, and production capacity, in short all the facilities (including an unfinished one) belonging to Miraculum. The Soviet side will provide financial resources for completing the investments, convertible currency for purchasing the needed equipment in the dollar area, and the raw materials from their own production and from imports.

Production should, with an increase in employment no greater than 200 persons, nearly quadruple. The first shampoos from the new factory should reach the Polish and Soviet markets in April 1989, and full production should be achieved in 1990.

This is not all. In the future, based on the knowledge gained in the operation of this common enterprise, a similar plant will be built in the Soviet Union, and its employees will be trained in Krakow.

"Thanks to the will of both of our governments, Miraculum will become the first test of cooperation at a higher level," said Vladimir Onoshy, Consul of the Consulate General of the USSR in Krakow.

Talks are underway on creating common working groups to develop new specifications for the pharmaceutical industry for items both countries have so far had to import for dollars.

Many Krakow enterprises' long-term plans call for significant increases in shipments to their Soviet partners. For example, Unitra-Telpod is introducing so-called delaying lines on the Soviet market; Polam in Wieliczka intends to enlarge the selection of lamps and chandeliers; Stomil is introducing a new production technology for technical insulation. Chemedex will modernize the sulfuric acid factory it built years ago and will build two cyclohexanone factories based on a Polish license in Novgorod and Grodno.

The number-one subject for Krakow construction enterprises is planning the construction of the rolling mill 2,000 in Magnitogorsk and the continuation of work at the Smolensk Nuclear Power Plant (PZRI) and the Nuclear Power Plant in Chmielnitse (Budostal-8).

The Krakow construction firms see the USSR as an attractive partner with a large, voracious market and also are counting on opportunities to cooperate with Soviet enterprises in third markets.

Krakow Exports Reviewed

Krakow DZIENNIK POLSKI in Polish 31 Oct 86 p 6

[Unattributed report: "Cooperation Will Expand: More Than 50 Krakow Enterprises Export to the USSR"]

[Excerpt] Krakow industry has a significant portion of exports to the USSR. More than 50 firms from the Krakow Voivodship export their products to our eastern neighbor. Among the leading enterprises on this list are the Krakow Measuring Equipment Factory, the Skawina Food Concentrates Plant, the Vistula Clothing Industry Factory, the Polfa Pharmaceutical Plant, the St. Szadkowski Machine and Apparatus Plant, and the Pollena-Miraculum Cosmetics Factory. The Soviet partners buy steel sheeting, clothing, medicines, electronics, cosmetics and many other articles from these enterprises.

In 1984 Krakow firms exported goods valued at about 101 million rubles to the USSR, and in 1985 they exported goods valued at about 106 million rubles. The value of our shipments grows each year. Further opportunities for growth in cooperation were mentioned yesterday during the meeting of representatives of the exporting enterprises organized at Pollena-Miraculum by the Society for Polish-Soviet Friendship and the Commission on Economic Cooperation with the USSR.

By the end of 1990 Krakow-area industry intends to increase exports to the Soviet Union by an average of 82 percent. It is also searching for new forms of cooperation. An example of this is Pollena-Miraculum which is preparing to create a partnership with one of the Soviet firms that is to finance the expansion of Miraculum. Other similar connections between the industries of both countries are planned and should appear in the near future.

13021

CSO: 2600/228

TRANSFORMER STATIONS EXPORTED TO USSR, OTHERS

Lublin SZTANDAR LUDU in Polish 24-28 Dec 86 p 1

[Article: "Elektromontaz Continues to Produce Export-Class Equipment; 1986 Plans 1.5 Months Ahead of Schedule; Export Contracts Signed for 1988; Orders are In, But No Assurances for Materials"]

[Text] The Elektromontaz Enterprise for the Production and Assembly of Electrical Equipment for the Building Industry in Lublin has been exporting its products for many years. Its CTSP transformer stations are very popular in the Soviet market. The best indication of this is the growing number of orders being received.

This year's commitments were satisfied by the middle of November, when the last station parcel was shipped. A total of 431 stations worth 6.6 million rubles were sold to the USSR this year. The GDR, another important customer, purchased 151 stations this year worth almost 2 million rubles. Smaller deliveries were also made to Czechoslovakia, the Chinese Peoples Republic and Turkey. The total value of this year's contracts amounted to almost 9 million rubles.

This year's deliveries surpassed last year's by about six percent and were exceptionally profitable as indicated by the very low WF indexes. According to the 1987 plan, the Soviets will receive about 450 transformer stations, and over 180 will be shipped to the GDR. The total value of the planned export will exceed this year's exports by about 50 million zlotys (transaction prices).

The Soviet customers already have signed a contract for 1988 that calls for significantly greater deliveries, about 130 more than this year. This is proof of Elektromontaz's great prestige in the Soviet market. Here it should be mentioned that the Lublin firm is a real power within the Elektromontaz-Export Association. It produces about 35 percent of all the machinery and investment projects ordered by the Soviets.

Unfortunately, the good trade prospects are not matched by export preferences. Despite the fact that 2-year contracts have been signed, there is no assurance of materials supplies. This is proof of "paper" preferences for export production. In all probability, the materials will have to be obtained in

different ways, which often affects domestic production which is not always accomplished smoothly. It is hoped that the new export preferences anticipated for next year will enable both types of production to be stabilized.

However, Elektromontaz is not neglecting the domestic market. It introduced a new product, container-type housing stations, which are now in trial use during the construction of the Warsaw metro. If the trial is successful, and everything indicates it will be, the new stations will be 50 percent smaller and 33 percent lighter than existing ones.

11899

CSO: 2600/299

UNIDO AIDS SEARCH FOR FOREIGN BUSINESS PARTNERS

Warsaw KURIER POLSKI in Polish 29 Dec 86 p 1

[Article: "Polish Firms; A Forum to Promote Investment Opens Doors; Computer to Match Partners; Questionnaire Provides Details"]

[Text] To date Polish producers have not had a similar opportunity to introduce their products to the entire world. What is more, this opportunity is not available to any other CEMA country or enterprise. The undertaking we are discussing is called "Investment Promotion Meeting" and is sponsored by the United Nations Industrial Development Organization (UNIDO) and the Polish Chamber of Foreign Trade [PIHZ].

Briefly, UNIDO is an institution concerned with organizing new industries in developing countries. It provides expertise concerning the viability of a given investment, ensures help from highly qualified specialists, seeks firms in other countries willing to collaborate and so on. In general, UNIDO is a kind of matchmaker bringing together enterprises all over the world of diverse interests. UNIDO is prepared to promote pairings of enterprises that will grow together without convulsions.

UNIDO has offices in Brussels, Cologne, Paris, Tokyo, Vienna (central), Zurich and, for 3 years now, Warsaw, the only office in a socialist country capital. Offices will open next year in Washington, Seoul and Milan.

"Basically, till now we operated along the north-south line, that is, we organized collaboration among enterprises in highly developed countries with enterprises in Third World countries," states Krzysztof Kielbratowski, vice director of UNIDO's Warsaw office. "We are making preparations for a meeting in Warsaw in October 1987, the first meeting under our auspices of economic managers from the East and West. We expect 100-120 representatives from Western industries and banks will attend."

UNIDO and the PIHZ sent out a special questionnaire to over 100 Polish enterprises whose products could be attractive to foreign firms. The questionnaire, ten or so pages long, provides initial information about an enterprise's condition, production capacity, assets, export capabilities and so forth. The questionnaire information, in English, concerns investment collaboration projects and is fed into a computer. The information will be

sent all over the world via UNIDO's communications network, and UNIDO's offices in the other countries will begin to seek potential contractors for our enterprises. At the same time, the PIHZ will promote the Polish enterprises via the Polish commercial attaches at the Polish consulates.

"When all the projects are in hand," says Director Kielbasowski, "certainly by the end of 1987's first quarter, our employees and representatives of the PIHZ and the Ministry of Foreign Trade will travel to selected European countries where they will present Polish products to local commercial and industrial organizations, encouraging Western businessmen to participate in the Warsaw meeting. Our experiences indicate that 50-60 projects will be of interest to foreign contractors, and at least several of them should bear fruit via closer cooperation in the form of joint ventures.

11899

CSO: 2600/299

REPORTS, EDITORIALS ON 'PEWEX' HARD CURRENCY STORES

Black Market, PEWEX Relationship Viewed

Katowice TRYBUNA ROBOTNICZA in Polish 19 Dec 86 p 3

[Article by Anna Wozniak: "PEWEX Is Hot"; passages in slantlines printed in boldface]

[Text] Advertising is the driving force of trade, but it is more than just that. It turns out advertising may also be a mood-setter. I have come to this conclusion after reading a letter to the editor-in-chief of TRYBUNA ROBOTNICZA, in which a reader knocks the television hard for a commercial about holiday purchases at the PEWEX, which in his opinion is preposterous and upsetting to the working class. The letter ends as follows: "Maybe, on top of that, one of the TV eggheads will suggest that we do holiday shopping at 'The Miner' stores. After all, it is a shame to recommend the PEWEX for hard-working people."

Even in the heat of holiday shopping, it is worthwhile to take a sober look at the issue brought up many a time and involving unequal access to goods and operation of the stores for the "privileged," if not stores behind yellow drapes. After all, customers of the PEWEX consist of people owning hard and convertible currency, whereas the stores of the Mining Supply Enterprise are for those who have secured this privilege by working underground on Saturdays off and Sundays. In this last case, advertising is unnecessary because those who have cash in the "G" account will find their way to the appropriate shop anyhow.

This is not the case with the PEWEX. As a regular state enterprise reporting to the Ministry of Retail Trade and Services and obligated to generate the greatest amount of dollars and what not, the PEWEX uses its authority by placing paid advertisements on TV and in the press, intended to encourage the spending of hard currency. The mass media, obligated to pay their way, carry such advertisements. Running from reality and pretending that the issue is not here would, in my opinion, be still more upsetting than flashing the praises of goods that cannot be had for zlotys.

Who Is Making Out and How?

Whether we like it or not, the existence of this drainage enterprise is a fact resulting from the non-convertible zloty, the market we have at present, and,

most importantly, the economic and social need to generate as many dollars as possible. All socialist countries are in a similar situation. The existence of inland export enterprises in the USSR, Hungary or, say, Romania is no secret.

/It should also be noted that not only PRP citizens shop at the PEWEX. Foreigners from hard-currency countries staying in Poland--tourists and businessmen, as well as persons of Polish extraction, citizens of other countries visiting their families--are a quite numerous group./ Same as our countrymen returning from a stint of contract work abroad, they know that the money made "over there" would be better spent here, because this is what the price ratios suggest. The PEWEX does not include in its price taxes which are mandatory in the West; therefore, it is cheaper. The relatively low prices are also a way to lure customers, and their number is increasing!

It was, after all, due to pressure on the inland dollar market that an enterprise set up in 1974 with several dozen outlets has grown to have stores in all cities and towns (before that the Bank PKO SA [Polish Security Bank] dabbled in inland exports). At present, the PEWEX has over 90 outlets, including several stands in the three provinces of Katowice, Bielsko-Biala and Czesochowa. Last year, they generated 1.694 billion zlotys of net profit! Nobody is inclined to say how many dollars were added to the state coffers, but, judging by the press reports, it was quite a few. After all, the hard currency funds generated by the PEWEX were used by the minister of retail trade to purchase, among other things, ingredients for producing detergents in short supply and foodstuffs, including coffee. A great deal of this money was also spent to purchase machinery and equipment for enterprises producing foodstuffs and consumer durables. In other words, everybody made out somehow in this operation, to say nothing of indirect benefits for the state economy.

I am not a PEWEX customer, and there is no reason to believe that I will become one. I am also mad about being unable to buy certain goods for zlotys for a long time to come. However, awareness that inland exports are only one, and not the only, form of luring the dollar into the bank vault prompts me to look at the issue soberly. Given our country's payments situation, restricted access to credit, economic sanctions, and continued weak exports, the treasury accumulates not only the citizen's dollars, but also hard currency proceeds from enterprises, even those deposited in the retained hard currency allowance accounts. Somehow, nobody is upset by this. However, endless lines at PEWEX shops inevitably provoke the question: just who in Poland has got the dollars? And how much?

/At the Foreign Department of the National Bank of Poland in Warsaw, I was told that foreign hard currency amassed by Polish citizens at banks and under the mattress has come as gifts and inheritances, salaries of citizens working abroad (including workers), from tourists, and also from stocks accumulated before World War II./ As far as the quantity is concerned, it can only be estimated, if we consider that not all the dollars are deposited at the bank. In any event, we are talking about several billion dollars. These calculations do not include PRD vouchers, because they are just a negotiable instrument and an equivalent of hard currency which is already in the bank.

Who owns the dollars is a different matter altogether. According to the regulations in effect, it is legal to own foreign negotiable instruments,

whereas dealing in them is forbidden. This ban does not apply only to the PEO SA vouchers. In its turn, it is common knowledge that there is a hard-currency black market, where fortunes have been made. The cause of this is the difference between the official bank rate of exchange of the dollar and the black-market price. /At present, the official exchange rate is 200 zlotys to a dollar, whereas speculators demand 900 zlotys if a single one-dollar bill is purchased, and somewhat less in greater transactions./ As the specialists say, this difference is the result of the demand for foreign currency exceeding the supply in transactions outside the bank. Prices on occasion are horrendous, since the influx of dollars to the market is restricted and small, whereas the demand is surprisingly strong, because of, if nothing else, the lack of merchandise in our markets while the offer at the PEWEX is attractive, i.e. the opportunity to purchase a car or book a tour abroad. The prices also reflect the risk associated with illegal dealings.

State Offices, Perhaps?

/The following rule is the result of all of this: improved supplies to the domestic market cause a drop in the prices demanded by the speculator. This is clearly seen in the ratio between the official exchange rate of the dollar and that requested in front of the PEWEX. In 1981, this ratio was 15:1; for about a year now, it has been about 4:1./

The operation of the black hard currency market, where fortunes can be made easily and pleasantly, if in a risky way, enrages the largely outside people more than the existence of the PEWEX itself, despite the market being its unofficial, illegal, and undesirable appendage. When asked whether it is possible to eliminate the black market, even specialists from the Department of Economic Crimes of the WUSW [Provincial Office of Internal Affairs] say no! The second economy will always squeeze into the gap between supply and demand, even with the strictest penalties. However, we may be able to restrict the scope of this economy. Administrative bans are doomed to failure. Only unconventional methods can cut down on and restrict the black market in our situation. /The proposal which we reported some time ago—to compete with the speculator—is one such method. Namely, state exchange offices should be set up, where hard currency transactions at free market prices could be made, which are thus far made outside the market. We can permit what is now illegal, at least for the ones who would like to avoid the black market/, e.g. those wishing to see the world and the devotees of new technology who are not and do not want to become currency law offenders, but do have enough zlotys to spend for these purposes. Also, there are those who love Lego toys which have conquered the world; a new special company store was opened for them recently in Siemianowice.

Finally, PEWEX customers most often buy Atari computers, VCRs, audio equipment, and ... sweets rather than vodka and other beverages. To get these goods, they stand in lines which customers of socialized stores would not believe. Strictly speaking, the line curls up before the cash register. Looking at this, I began to wonder whether the Bank PEO SA, which controls the cash, indeed wants to get these dollars or not. My doubts overwhelmed me when I counted over 100 persons before the cash register at the outlet on Uniwersytetska Street in Katowice...

Krakow GAZETA KRAKOWSKA in Polish 9 Dec 86 p 3

[Article by Wojciech Machnicki: "Hard-Currency Drugs for Zlotys, or Even Free?"]

[Excerpt] In Bulgaria, they call it KORDIOM, in Czechoslovakia - TULEX, and in Poland—the PEWEX Inland Exports Enterprise, since the time when the PEKAO S.A. Bank [Polish Security Bank], as the only bank in the world in that line of business, discontinued selling, among other things, ladies panties. However, as far as the principles are concerned, the situation is somewhat sensitive. Come on, how do you sell merchandise inside the country for currency other than the one in circulation? After all, there is a certain atmosphere of disapproval regarding the PEWEX, even though a retiree on duty is not posted at the door of PEWEX stores to turn away citizens without a foreign passport, as is the case with BERIOZKA shops in the USSR operating along the same lines. Also, time and again discussants taking the floor at important party conferences ask—what use does an employee paid in zlotys have for the PEWEX?

It turns out that inland exports, which the company name conjures up, are not that inland at all. Some of the merchandise sold at the PEWEX in fact has been taken abroad, and legally so. Over the first 3 quarters of 1985, PEWEX merchandise worth a total of US\$ 1,063,900 was exported from Poland, of which Poles exported US\$ 216,000 worth. In the first 3 quarters of 1986, exports of PEWEX merchandise increased to US\$ 1,389,000. The Poles hardly increased their share--US\$ 859,600 (has the export potential of Polish tourists been depleted?). Foreigners accounted for almost all of the increase (this would suggest that Yugoslav travel agencies are sending to Poland clients not only for the zloty market).

Which is the most exportable item from the PEWEX stores? As anybody could guess, it is pants. Over 9 months of 1986, US\$ 198,200 worth of jeans and other pants were exported. Vodka and spirits, including brandy which we call cognac (a wonderful offer for Hungarian restaurateurs), rank second--US\$ 184,500. The next items are tape recorders, which we bestowed on the Turks and Greeks to the tune of US\$ 160,000, followed by cigarettes, including silver-boxed Kents bought for Romanian customs officials and VCRs (if somebody manages to take one to Greece, he can have another identical one for free...), garments and hosiery, and cosmetics.

It is true that less than the entire price paid for a hard-currency purchase remains in the country. Yet, the retail margin at the PEWEX is high enough for the enterprise to bring considerable benefits to the economy and ... low enough for the Poles paid in hard currency or vouchers to prefer purchases inside the country to spending money with the foreign middlemen. The PEWEX is like Robin Hood—it takes from some and gives to the others. Frequently, the former and the latter are the same people. It should be borne in mind that funds generated by the PEWEX are widely used by the Ministry of Retail Trade and Services to meet the needs of the market. This includes immediate needs,

i.e. purchasing abroad consumer goods later sold for zlotys, and indirect needs, i.e. purchasing equipment for mechanizing retail facilities.

The hard currency which made it possible to alleviate the shortage of eyeglass lenses in Poland came from funds generated by the PEWEX. Also, the PEWEX provided the funds for purchasing equipment for packaging dry goods in wholesale food enterprises. For the dollars spent by PEWEX customers, machinery and equipment for producing pantyhose were purchased, as well as machinery, equipment, spare parts and accessories for grinding eyeglass lenses; moreover, the market was altogether swamped by the pantyhose produced. In the year 1986 alone purchases of a dozen thousand tons of coffee for the inland zloty market were the most significant transactions for the dollars paid by PEWEX customers. Unfortunately, this did not bring about continuous availability of coffee, because the purchases were too small. Next, there were purchases of raw materials for industry within the framework of government orders for the additional production of detergents, washing liquids and powders and dishwashing liquids, as well as other hygienic products. PEWEX funds also paid for, among other things, the purchase of a printer-cutter for producing matches, ripening cheese, and machines for packaging instant tea in our country. There have been many such purchases, and then not only for large-scale industry, but also purchases of raw materials, machinery, and equipment for small producers. To be sure, the average PEWEX customer is not aware of what he is financing by making the purchase. However, in this way the owners of hard currency and vouchers of the PEKAO S.A. Bank mitigate market difficulties for the populace at large.

Gdansk Area Internal 'Exports'

Gdansk DZIENNIK BALTYCKI in Polish 23 Dec 86 p 3

[Article by Krzysztof W. Debicki: "Satisfaction and Problems"]

[Text] It is not surprising that everybody in the management of the Gdansk Enterprise for Inland Exports PEWEX is openly satisfied, considering that the year 1986 was for practical purposes completed in mid-November, and the rate of growth of sales compared to last year was 125 percent. Operations of this branch contributed to the entire enterprise fulfilling sales plan of more than US\$ 300,000 million, as well as generating the projected surplus estimated to be about \$56 million. Anybody who is at least somewhat aware of the economic situation in our country, and especially of the shortage of the so-called hard currency, should know that, due to the efficiently operating PEWEX outlets, these millions found their way into state coffers. Therefore, complaints repeated from time to time about PEWEX being an institution contrary to the principles of social justice are ironic. After all, only 45 percent of the hard currency obtained by the enterprise is spent to replenish the stock, whereas the remainder, or 55 percent, is transferred to the account of the Ministry of Finance, which in turn transfers 35 percent to the Ministry of Retail Trade for purchases of the most sought-after consumer goods.

For example, funds drawn from hard-currency proceeds of inland export during the first 3 quarters of this year have paid for, among other things, about 11,000 tons of coffee, 1,000 tons of pepper, 2,000 tons of cheese, 3,000 tons

of soap, 3,000 tons of detergents, as well as raw materials needed to produce 13,000 more tons of detergents, washing liquids and powders and dishwashing liquids. The same funds have made it possible to import 3 million pairs of tights for children, equipment for producing toothpaste, and, finally, the raw materials needed to produce microprocessors for automatic washing machines.

Putting it simply, the more profit we turn as a retailer, the more the entire populace benefits, argues director of the Gdansk branch of PEWEX Zygmunt Konopka, stressing that a considerable overfulfillment of this year's plan by the enterprise is primarily due to great demand for radio and TV equipment, especially video cassette recorders, and gourmet foods. He believes that the small number of his stores is a considerable barrier to obtaining more hard currency. To be sure, this view differs from the commonly held opinion in the matter. Yet, the argument that two stores specialized in audio and video equipment is indeed too few for the entire Tri-Cities conurbation is convincing.

In the opinion of director Konopka and his deputy Ryszard Nyga, it follows irrefutably from the studies made that four new outlets in strategic locations throughout the Tri-Cities and at least one in each of the larger residential areas would boost sales by at least 20 percent annually. With sales already well into millions, this will be no mean amount, providing for, among other things, increased social projects. This is what donations to the zloty National Foundation of Aid to Schools from the profit generated amount to, as well as financial aid to three athletic clubs, "The Shipyard Worker," the SKT Sopot and "The United."

Bringing up their difficulties with retail space, directors of the Gdansk PEWEX are not at all clamoring for new buildings. They can point immediately to several improperly used or altogether vacant buildings which they could convert for their retail chain after minor modifications (at their own expense). Both the organization and the city would benefit from it. According to the regulations in effect, each of the 8 branches of the enterprise operating in the country may allocate a certain share of hard-currency income from the new stores for purchases of hospital and school equipment, or financing other projects considered by the authorities to be the most vital.

The case of Torun demonstrates the dependability of commitments made. In that city, they have already started comprehensive restoration of the front of an historic Protestant church funded by the PEWEX. It will house one of the most elegant stores of the enterprise.

The management of the Gdansk PEWEX lets it be known that it is eager to embark on a similar project at the Large Mill in Gdansk, which is deteriorating right in front of us. After extensive repairs, it could house a PEWEX showroom, situated, which is important, in a good area for business, frequented by our own and foreign tourists.

A clever master usually takes care of the tree that turns a profit for him, especially if it yields golden apples, and allows him to prop up the entire farm. Therefore, it should be expected that the last barriers, which prevent the Gdansk Enterprise for Inland Exports from increasing sales and putting a greater amount of hard currency the country needs so badly into state coffers, will be eliminated. After all, not a single dollar should be wasted as the reform goes ahead.

DOMESTIC VIDEO RECORDINGS PLANNED

Olsztyn GAZETA OLSZTYNSKA in Polish 10 Dec 86 p 3

[Article] The Presidium of the Council of Ministers' Committee on Science and Technological Progress has acknowledged that the need to initiate domestic mass production of video recorders and cassettes is justified.

The work accomplished to date and the goals and conditions to produce video recorders and cassettes were described by ZR representatives from the M. Kasprzak 'Dior' plant in Dzierzoniow and the 'Stilon' plant in Gorzow. The Warsaw plants intend to initiate mass production of MTV100 video recorders during the first half of 1987, to be followed by the production of MTV200 video recorders by late 1987/early 1988. By the end of the current 5-year period, 100,000 MTV200s will be produced annually.

Work on the design of video recorders began last year at Dior. Trial mass production is planned for 1988. The goal is to produce 100,000 units annually. Among other things, these video recorders will include remote control and programming capabilities equal to average world-class standards.

In turn, 'Stilon' in Gorzow intends to initiate the production of cassettes in two stages. First, the cassettes will be assembled from imported parts, then 2 million cassettes will be produced annually using domestically made parts to the greatest extent possible.

The Presidium resolved to provide long-term support to these plants by guaranteeing resources, including foreign exchange, to initiate the production of video recorders and cassettes. These tasks will be specified in a government order. In association with this, it is anticipated that an appropriate contract will be signed by the end of the first quarter of 1987, in which the plants will specify their production initiation programs and foreign exchange limits for imported parts.

At the same time, the Presidium also requested the Office for Scientific and Technological Progress and Applications as well as other ministries to investigate the possibility of producing domestically ABS plastic, which is used to manufacture many consumer products. ABS plastic is now imported.

11899

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ELECTRONIC TELEPHONE PRODUCTION PLANNED

Warsaw EXPRESS WIECZORNY in Polish 23 Dec 86 p3

[Article by Maciej Zajac: "A Supertelephone From the Radom Factory?"]

[Excerpt] Our compatriots bring back many attractive goods from their foreign travels. Among them are electronic telephones made in Hong Kong or Singapore with receiver-mounted push buttons, capability of memorizing several of the most frequently called numbers, and an electronic display of the selected numbers. These telephones are often for sale for prodigious sums in Warsaw's commission shops or outside Skry Stadium. They can be purchased in the Far East for \$6-8 and in Poland for 10,000 to 15,000 zlotys.

When will these technological miracles be produced in Poland?

It turns out that identical and even better telephones could be produced at any time by the Radom Telephone Factory.

Right now they even have a prototype of such a telephone called Laur 224, which includes everything that is most modern today in the world.

Thus, this supertelephone includes push-buttons instead of a rotary dial, a memory capable of memorizing 10 or the most frequently called numbers, a display of the selected numbers (very important when making expensive satellite calls), a clock to record length-of-call times, and even a two- or three-tone electronic tone with a sound that is quite familiar to TV viewers of American serials.

The problem, however, is that to build such a telephone various types of electronic components worth \$10 must be imported beforehand. This is 2.5 times more than it costs to import components for the newest telephone produced by the Radom Telephone Factory.

However, it is necessary to import because our domestic producers are way behind the world leader.

Work has been completed on a Polish model of such a supertelephone at the Institute of Telecommunications in Miedzeszyna near Warsaw, a model that has

been in existence for 8 years so far. The minister of communications even assigned an official name for it: EAT (Electronic Telephone).

Above all, its biggest advantage is that it can be produced from Polish raw materials and components. Warsaw's CEMI, the semiconductor producer monopoly, is supposed to produce all the necessary electronic components, and the remaining parts will be provided by the other Ministry of Communications partners.

In any case, the Radom Telephone Factory has a prototype of their own supertelephone, the production of which can be initiated if need be in 1988 and perhaps even earlier. Priority will be given to foreign customers paying hard currency.

The Radom Telephone Factory is also very interested in EAT. They even signed 'in the dark' an agreement with the Institute of Communications to take possession of the model when it becomes available, produce a series of trial prototypes and initiate mass production.

So long as the EAT is not ready, the Radom Telephone Factory will continue to produce the popular Tulipan, Bratek and Astro telephones as well as the much sought after monophones and wallphones.

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ROADBUILDING, REPAIR PLANS FOR 1987 SUMMARIZED

Warsaw ZYCIE WARSZAWY in Polish 5 Jan 87 p 2

[Article by (koj): "Ambitious Plans of Road Builders"]

[Text] Recently, ZYCIE WARSZAWY published a picture of the bridge across the Odra in Cigacice, not far from Zielona Gora. It was finished and commissioned on 11 December. Building a crossing 475 meters long and a 9 kilometer segment of an expressway (designated exclusively for car traffic), along with smaller bridges and overpasses on it, cost about 3 billion zlotys. This was the last of large-scale investment projects in transportation completed in 1986 in our country. Other such projects include a 5-kilometer segment of A4 highway, connecting it with the road system of Krakow, commissioned in June of last year, as well as another segment of this highway between Chrzanow and Byczyna, commissioned on 22 November.

At first sight, these are not great endeavors. However, highway construction is very expensive. On the average, 1 kilometer of such a road costs about 600 million zlotys, and in Upper Silesia, where the terrain is very difficult, as much as 2 billion zlotys. We cannot make up swiftly for many years of neglect in this field (in Poland, there are only 213 kilometers of speedways, of which merely 74 kilometers have been built since the war). However, the pace of their construction will pick up as much as our resources permit. Pursuant to resolution No. 55/185 of the Presidium of the Government of 14 June 1985, 95 kilometers of new speedways should be commissioned before the end of 1990. Will we manage to do it?

Investment in the next year is to reach 9.2 billion zlotys, whereas the results of these outlays will become more apparent to the drivers in 1988. By that time, the following should be commissioned: a 16-kilometer segment of A1 highway between Piotrkow Trybunalski and Tuszyn (close to Lodz), an 18-kilometer stretch of A2 highway, a connection between Wroclaw and Opole is to be commissioned (23 kilometers of one-lane road for the time being), as well as a segment of a southern Krakow bypass (Balice-Tyniecka Street). In 1989, a segment between Chrzanow and Katowice will also be added.

Along with the speedways, 2-lane expressways will also be built (after all, they are an introduction of sorts to the highways). By 1990, 80 kilometers of them should be added. Routes Warsaw-Zakroczym (Plonsk) with a bridge across

the Vistula and Warsaw-Radzymin are the most important among them. In 1987, construction of bypasses around Cieszyn and Legnica will begin. The route from Swinoujscie through Szczecin and Zielona Gora to the state border will continue to be modernized. The bridge at Cigacice, mentioned in the beginning, and the 9-kilometer road are a segment of this expressway.

Also, a bridge across the river Sola in Oswiecim will be commissioned next year. For the first time in our country, the technology of lengthwise gliding of stressed frames is to be used in building it.

Maintaining the already existing 300,000 kilometers of public roads is as important as the investment projects. Anybody who drives around the country knows that their condition leaves a lot to be desired. At the General Directorate of Public Roads, they say straightforwardly that the road system requires vigorous repairs and modernization if we are to avoid further economic, as well as social, losses.

This year's target for repairs covered by an operational program has been overfulfilled. Until November, capital repairs were carried out on 2,829 kilometers of roads (the plan calls for 2,800 kilometers). Also, 4,023 meters of bridges were modernized (3,800 meters were planned). With the funds of local budgets, 2,430 kilometers of provincial roads were modernized, as well as 2,517 meters of bridges and overpasses. Next year, outlays for road maintenance and capital repairs will increase by almost 8 percent; however, the scope of work will also increase.

Therefore, fulfilling the plan is not going to be easy, all the more so due to the considerable difficulties with equipment and vehicles which road maintenance is facing. They are depreciating, whereas in recent years the allocation of new units has been at best symbolic. Keeping the machinery used operational is hampered by a lack of spare parts. Repair enterprises do not want to work on specialized equipment; on its part, industry is not eager to produce it.

Next year's plan for capital repairs on national and provincial roads includes 5,500 kilometers of roads and 6,250 meters of the so-called bridge units. It has been decided that modernization projects will be concentrated on the most travelled routes, which are the most significant for the economy and international traffic. It is primarily on these roads that repavement should be done and shoulders be reinforced, bypasses around communities built, overpasses and interchanges constructed.

9761

CSO:2600/318

PROSPECTS FOR FISHING INDUSTRY REPORTED

Warsaw RZECZPOSPOLITA in Polish 5 Jan 87 p 3

[Article by Krzysztof Pohl: "Appetite for Fish"]

[Text] For 3 years, the catch of fish has been declining and consumption in the country has been decreasing. This trend appears to be stable and chances for a reversal in the immediate future are slim. We are not far from the time when the lowly bluefish will be elevated to the rank of a delicacy. Dieticians warn us of the consequences of restricting fish consumption. Even the cover of "Polish Maritime News" destined for foreign readers foretells difficult times for fishing.

In 1986, our fishermen will pull 607,000 tons of fish from the Baltic and remote oceans. A year ago, it was 650,000 tons, 3 years ago - 715,000 tons. Even if we figure in mandatory purchases from foreign fishermen right on the fishing grounds (in exchange for fishing rights), the total is less than in the late 1970s, which were the best for the market. On top of that, exports detract from this total. Through exports, our fishing industry secures hard-currency funds for its own use, as well as cash for purchasing herring and mackerel, sought after in our country.

In the final count, the average Pole ate less than 6 kilograms of fish in 1986, or almost a kilogram less than the year before. As the catch declines, the populace of consumers grows. With consumption at this level, our country ranks low in international statistics.

The issue of whether we stand a chance to increase fish consumption and reverse unfavorable trends is a strategic one, and not for the fishing industry alone. The issue involves mainly deep-sea fishing, though there is no dearth of problems in the nearby Baltic.

Problems with the Baltic

In theory, the Baltic Sea should yield about 200,000 tons of fish to us. This is what the annual fishing quotas assigned to Poland by international conventions provide for. We can catch 200,000 tons of fish in our zone if the weather and schools of fish cooperate. The problem is that as of late they have not. For 3 years, fishermen and scientists have been registering a

considerable decrease in cod schools. This year, we will not obtain even one-half of the quota assigned; last year, it was only slightly better. Herring has not "made a good showing" either. As a matter of fact, only sprats "flock" to the Polish nets in the amount expected. Therefore, if the Baltic fails to cooperate and we fail to regain the opportunity to fish at oceanic fishing grounds, fish will begin disappearing from our menu.

This danger is looming large, and it has been confirmed recently by the look of the shops of the Fish Retail Association. Some 10 years ago, the introduction of 200-mile economic zones on seas was the greatest concern. The most productive fishing grounds found in these waters have become the domain of coastal states since that time. Our fishing industry has managed to stay on several shelf areas rich in fish by signing appropriate contracts and incurring additional costs. However, something still remains to be done in this sphere.

Mastering fishing techniques for the high seas required much more expense and effort. Recently, the catch in these waters has come up to 350,000-400,000 tons annually. These resources are within the reach of Polish nets and the effort to continue using them is worthwhile.

However, for several years the main threat for the deep-sea fleet has come from elsewhere. The fishermen clamor for new ships. The fleet is getting increasingly old, the cost of operating and repairing the vessels is going up. Despite numerous repairs, the trawlers are on their last leg. As recently as 10 years ago, the deep-sea fleet numbered 141 vessels. At present, there are only 93. The average age of trawlers exceeds 15 years. For a fishing vessel, this is retirement age. More than one-third, or 17 trawlers, will have to be processed into razor blades before the year 1990. This translates into a reduction of fishing capacity by about 140,000 tons of fish annually.

Clamor for Vessels

The outlook for the fleet of fishing boats on the Baltic is no better. In this 5-year plan, 43 fishing boats, capable of catching 24,000 tons of fish annually, will be retired from sea duty. The need to scrap the hard-working Baltic and deep-sea vessels is indisputable. However, prospects for replenishing the fleet are uncertain. Indications are that it will not be possible to compensate for the loss of fishing capacity on time.

The fishing industry, as a part of the food complex, has been allocated 40 billion zlotys for this 5-year plan. Most of the money will be spent on building large fishing vessels. This is not a lot if we consider the price of a trawler, which has recently fluctuated under 2.5 billion zlotys. Documents of the Planning Commission envisage the building of 15 trawlers, more modern and efficient than the ones finishing their sea duty. Polish shipyards should furnish such vessels to our fleet operators before 1990. The issue of whether they manage to do it on schedule constantly rankles the fishing companies. Experience to date does not give rise to optimism. However, even a successful end to shipyard work will still mean a decline in fishing capacity by about 60,000 tons annually.

Likewise, the potential of the Baltic fleet will decrease. Four fishing boat companies have ordered 14 vessels from the Ustka shipyard. However, they will catch less annually than the retired fishing boats. Under certain circumstances, this may be irrelevant, i.e. if the productivity of the nearest fishing grounds remains at the current level.

Be that as it may, the estimates show quite unambiguously that prospects for increasing fish consumption are poor. Worse yet, we should reckon with a further decrease. What remains is a hope for additional endeavors by fishing enterprises. "Odra" of Swinoujście is considering a purchase of two trawlers from Portugal. "Barka" of Kołobrzeg is negotiating the delivery of 6 fishing boats with the "Wielka" shipyard in Gdansk.

Fishing enterprises are trying in a variety of ways to modernize their fleets and to keep the catch at the present level. This is also the case with on-shore installations (refrigeration and processing), which also require some investment. The essence of the issue can be reduced to the question of whether they will have to go it alone.

Not for Gourmets Only

The issue of the volume of consumption does not concern gourmets alone. The health and nutritional value of fish have long been beyond any doubts. Nor does the Planning Commission have such doubts when it puts desirable (per capita) consumption at 8 kilograms a year. Meanwhile, this year's less than 6 kilograms accounts for over one-tenth of animal protein in the menu of a Pole. This is a share which cannot be overlooked.

One more aspect of the general situation is noteworthy. Scientists from the coast estimate that the volume of protein furnished by the fishing industry is equivalent to the product of agriculture (meat, milk, eggs) of at least two good-size provinces. For producing the equivalent in meat alone, the agricultural land of 5 coastal provinces would be needed. Besides, a team of scientists from the Szczecin College of Agriculture led by Associate Prof. Michał Domagala estimates that the cost of obtaining protein from fish comes up to only two-thirds of outlays on producing meat and processed meat. The thrust of these statistics is in no way blunted by subsidies to the fishing industry going into billions. They are a minor fraction of the aid given by the state to the entire food complex. Besides, a good number of states where fish consumption is much higher than in Poland also support their fishing industry by subsidies.

Therefore, quite a few considerations speak in favor of modernizing the fishing industry and maintaining fish consumption at a respectable level. This has been stated in the resolutions of the highest echelons of the party and outlines of the maritime policy of the state. However, the issue of how to implement them fully is still open.

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CDD:2600/310

BRIEFS

COFFEE SHORTAGE EXPLAINED--As could be easily seen, additional coffee deliveries did not reach the stores by the preholiday period. What happened? After all, the December "norm" was supposed to be twice as high as the average of previous months. A *RIECPOSPOLITA* editor approached office manager at the Foreign Trade Enterprise "Agros" Jerzy Giziński with this question. The reason is quite straightforward. Simply put, the ship "Caacki," with a cargo of 2,190 tons of coffee from Columbia and Costa Rica, was 2 weeks late. It put in at the port as late as Christmas Eve instead of 8 December. On that same day, the ship "Polcyn Zdroj" sailed into port with an additional cargo of 500 tons of Colombian coffee. Over the preholiday period, "Agros" imported additionally 122 tons of instant coffee from West Europe in order to prevent the total disappearance of coffee from the market. In January, the situation should improve markedly. Apart from the shipments mentioned above, 240 tons of coffee from Zaïre is being shipped to our country. Also, 700 tons has been contracted in Mexico. Besides, the market will receive additional supplies of instant coffee, in this instance from Cuba. In the opinion of director J. Giziński, next year the supply of coffee to the market should improve in general. World market prices are declining. At present, a ton costs about \$1,000, whereas in the first quarter of this year the price reached \$6,000. Therefore, normalcy may be gradually restored in our shops. [Text] [Warsaw *RIECPOSPOLITA* in Polish 5 Jan 87 p 2] 9761

MINISTRY CORRECTS 'AGROS' CLAIMS--With reference to the article "More Coffee in January," published in *RIECPOSPOLITA* No. 3 (1529) on 5 January 1987, reporting on, among other things, the supply of coffee to the market in December of last year, [the Ministry of Retail Trade and Services] states that it contains information deviating from the facts. In December of last year, 124 tons of instant coffee imported for the hard-currency funds from the proceeds of internal exports were directed to the market. The above quantities did not fully saturate the market, but improved the supply situation perceptibly, especially with regard to coffee beans in original packages and Nescafe-style coffee. We would also like to mention that a delay in importing a coffee shipment, mentioned by the office manager of the Foreign Trade Enterprise "Agros," had no influence whatsoever on supplies reaching the market in December of last year. Coffee supplies are directed to the market from the stocks already in the country, whereas incoming new coffee deliveries are processed, i.e. roasted and packaged. The Central Annual Plan for 1987 envisages imports of roasted coffee in the amount of 22,000 tons. This amount will not meet the needs of the market, same as last year. Therefore, it should be expected that the Foreign Trade Enterprise "Agros" will take advantage of the current favorable price environment in the world market to increase coffee deliveries. [Text] [Warsaw *RIECPOSPOLITA* in Polish 7 Jan 87 p 2] 9761

*MARLBORO? PRODUCTION HALTED—Ten years ago, Philip Morris Company signed a licensing agreement authorizing the Tobacco Industry Enterprise in Krakow to produce Marlboro cigarettes. First deliveries were allocated to the PENEX [Inland Exports Enterprise] and sold for hard currency. After that, they appeared at stands and were sold for zlotys. Pursuant to the agreement, the American company collects license fees in hard currency for each 1,000 cigarettes sold in Poland. It also delivers to Poland tobacco mixes which enable Marlboro to carry the registered trademark. All of these costs amount to 15 cents a pack, and the entire balance goes to the state coffers. In other words, the net profit on producing 5 million packs reaches \$1 million. The operation is worth the effort. It would seem that everyone should be interested in promoting the sales of Polish cigarettes for dollars. However, it turns out that this is not the case. As of now, production of Polish Marlboro in Krakow is halted for lack of tobacco ingredients. In the USA, a tobacco shipment worth \$260,000 is prepared for delivery; however, it cannot be shipped because ... we did not pay for the previous delivery. Supposedly, the funds accumulated in the account of retained hard currency allowances of the entire tobacco industry cannot be used because of the shortage of hard currency. Such reasoning is obviously shortsighted, because the dollars invested double in 3 to 4 months and replenish the state treasury. If we do not use the capacity inside our country, the PENEX and BALTONA will increase the import of foreign Marlboro, and a small commission is all we will make on it. To be sure, the Polish Marlboro and profits on their sales will not improve the balance of payments of our economy. Yet, it is indeed difficult to understand why several million dollars is given up thoughtlessly. [Text] [Warsaw KURIER POLSKI in Polish 12-14 Dec 86 p 2] 9761

CSO:2689/317

IMPLICATIONS OF NEW LAW ON INCOME FOR FOREIGN INVESTMENT

Belgrade EKONOMIKA POLITIKA in Serbo-Croatian 26 Jan 87 p 11

[Article by Dr Milan Kovacevic: "Enactments at Loggerheads"]

[Text] In a recent conversation with a group of Yugoslavs who have been successful working abroad, Branko Mihalic, chairman of the Federal Executive Council, said that "significant improvements have been made recently" in regulations on foreign investment. He cited as an example that the "remainder of net income from joint business operation is defined or as to be identical to the category of profit" and that the "profit of the foreign person is no longer limited in advance." He obviously was thinking of amendments to the Law on Investment of the Capital of Foreign Persons in Domestic Organizations of Associated Labor, which was enacted back in 1984.

The most recent "definition" of profit in which a foreign investor participates, however, is contained in the Law on Gross Income and Income, which was enacted in the Federal Assembly on 26 December 1986. Its Article 69 does not mention net revenues, nor profit, nor indeed even foreign investors. "The portion of joint income to which basic organizations are entitled on the basis of management and economic employment of pooled capital," which is determined in it, can be recognized as the foreign investor's profit only with the help of its Article 14. If that was in fact one reason why this most recent definition of the profit of foreign investors should have escaped the attention of the chairman of the FEC, this will not diminish in the least the problems which this will cause for foreign investors.

The amendments in the 1984 Law on Investment of the Capital of Foreign Persons in Domestic Organizations have indeed brought several improvements in the conditions for foreign investors, but in some ways the conditions were also made worse. Certainly one of the most important improvements is eliminating the maximum level on the profit of the foreign investor, which really never was supported by any tenable argument. In the end the illusion was abandoned that it was possible out of the profit realized not only to provide a "reward for economic employment" of the investment, but also to return the investment itself. Progress has likewise been achieved with respect to the size of the reward for labor and capital. Subtraction of funds for expansion of the material base of operation from the foreign investor's profit has been eliminated, and it is now possible to stipulate "standards of current labor" in a contract.

Appropriations to reserves need not be made out of the foreign investor's profit, nor is it required that expenditures or obligations for defense, protection, penalties, administrative fees, and the like be covered.

A certain amount of hesitation with respect to these improvements in the conditions for foreign investments contained in the Law on Investment of the Capital of Foreign Persons in Domestic Organizations arose from the fact that amendments were not made at the same time in the Law on Determination and Distribution of Gross Income and Income and on Determination and Distribution of Revenues. Instead, the previous arrangements it contained remained in effect. But that conflict of laws somehow did have its explanation, although there hardly could be any justification for its long duration. That is, the Law on Investment, which was enacted at a later date, logically could have prevailed as the *lex specialis* by comparison to the Law on Determination and Distribution of Gross Income, which had been enacted at an earlier date.

Through someone's extreme negligence, instead of enactment of the new Law on Gross Income and Income being used as an occasion to bring it into conformity with the Law on Investment, the opposite took place. The Law on Gross Income and Income returned once again to the arrangements in the Law on Investment which had already been abandoned. Its Article 70 again obliges investors to stipulate in a contract determination "of the compensation for economic employment of the assets pooled," that is, to set a maximum on the foreign investor's profit so that any profit remaining beyond such compensation would be used to repay the foreign investment. Article 69 defines the profit in which the foreign investor would share by subtracting the following from joint income:

- i. "gross personal income" on the basis of current labor;
- ii. gross personal income "on the basis of the results of labor";
- iii. "obligations charged to income" without limit;
- iv. social service expenditure;
- v. resources "to expand the material base of operation";
- vi. allocations to reserves; and
- vii. funds "for repayment of the capital pooled.

Not only were there no reasons for such drastic deterioration of the conditions for foreign investments in the Law on Gross Income as compared to the Law on Investment, but it is certain that they occurred through a careless copying of the earlier provisions and because the authors omitted to read the provisions that already stand in the Law on Investment. If they had just done that, they probably would have saved themselves work and would have come to the conclusion that the "remainder of net income from joint business operation has been defined" already for foreign investors, which is obviously the conviction of the chairman of the FEL himself. The way it stands, it remains for

the chairman of the FEC himself to establish how and why it is that we want one thing, but we do another, and to make a move which at least in the future will mean fewer rejects in adoption of legislation.

Of course, there will also be those who will attempt to play down the mistake. They will say that not very many foreigners will ever take a look at the Law on Gross Income and Income. They will find a justification for the unnecessary regulation of the same subject matter in several laws. It will also be said that the foreigners can be convinced that the two laws are in conflict and that in future the Law on Investment will take precedence. They may even reproach us for having "uncovered" all of this. We have had many illusions, and some are still with us. However, it must be borne in mind that investment in general and investment in another country especially, is an extremely risky business which is therefore followed with great caution. Aside from the characteristics of the project itself, the perception of the size of the risk depends upon the general climate in a country. A high rate of inflation, a slowing down of investment, poor functioning of the market, and certain other characteristics of our economy are unfavorable elements of that climate which are objectively given. But aside from that there are our enactments with which we regulate the conditions for foreign investments. What is more, if it is in fact difficult to alter those objective conditions of the climate, it would be much easier to put order in our enactments once and for all. But will we do it?"

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CSH: 7800/121

ELECTRIC POWER PRODUCTION IN 1986, OUTLOOK FOR 1987

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 19 Jan 87 p 30

[Text] Last year 70.7 billion kwh of electric power were generated in Yugoslavia, which is 2.3 percent below the plan and 4.6 percent more than in 1985. Over the same time 70.1 billion kwh were consumed, or 1 percent less than was planned and 4.7 percent less than the year before last. However, since pumped-storage hydroplants consumed about 1 billion kwh, the needs of consumers had to be met by importing power. A total of 2.6 billion kwh were imported (1.6 billion kwh were purchased, and 1 billion represented exchange), while nearly 2.2 billion kwh were exported (1.5 billion kwh represented commercial exports, while the rest crossed the border in the form of exchange). Up until December exports were larger than imports, but then because of the lengthy drought and slack operation of hydroplants 500 million kwh had to be imported, which turned the picture around altogether. In any case, taken as a whole, streamflow last year (25 billion kwh) was greater than planned (2.5 percent) and the actual result for the year before last (10 percent), but this resulted exclusively from precipitation in the 1st half of the year; the 2d half was very dry. That is why as of 31 December 1986 the lakes contained water to generate only 1.4 billion kwh, which is exactly half of what was planned and 700 million kwh short of what it was on the same day of the previous year.

Last year hydroplants generated 26.8 billion kwh, or 9.4 percent above the plan and 13 percent more than in 1985. Coal-fired thermal plants generated nearly 37.3 billion kwh--7 percent below the plan or exactly as much as in 1985.

Fuel and Power Budget for 1987

Indicator	Production	Growth 87/86	Imports	Exports	Consumption	Growth 87/86
Electric power	82 billion kwh	4.9	2.5 billion kwh	2.5 billion kwh	82 billion kwh	4.9
Coal	76.05 million tons	8.6	850,000 tons	700,000 tons	76.2 million tons	8.8
Coking coal	--	--	3,900 tons	--	3,900 tons	2.6
Coke	2,932 tons	2.6	40 tons	--	2,972 tons	2.6

Table (continued)

<u>Indicator</u>	<u>Production</u>	<u>Growth 87/86</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>	<u>Growth 87/86</u>
Crude petro- leum	4,300 tons	0.9	10,365 tons	--	14,665 tons	2.8
Petroleum products	14,445 tons	2.8	1,000 tons	--	15,445 tons	9.9
Natural gas	3.1 billion m ³	11.7	4.8 bil- lion m ³	--	7.9 billion m ³	13.3
Gas obtained from coal	110 tons	3.8	--	--	110 tons	3.8
Coke gas	1,438 tons	-0.4	--	--	1,300 tons	-5.7

7045

CSO: 2800/122

VOJVODINA PLANS FOR EXPANDING SMALL BUSINESS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 22 Jan 87 p 11

[Article by Miodrag Rakic: "Four Types of Cooperatives for Returnees"]

[Text] The extensive legislative activities last year and the year before last in Vojvodina have yielded the anticipated results in the invigoration of small business, and in the general judgment has provided the necessary basis in the system for its more rapid development. Amendments to the Law on Pooling the Capital of Self-Employed Persons, the Law on Contract Organizations of Associated Labor, the Law on Craft and Trade Establishments of Self-Employed Craftsmen, and other decisions have truly introduced many new components into this area and have eliminated the substantial "obstacles," things which were not clear and the misunderstandings which have kept small business in the shadow of large production facilities in the socialized sector. Application of these amended laws is especially seen as an important step forward in the crafts and trades, which have a long and good tradition in Vojvodina.

A Faster Pace for the Crafts and Trades

The number of independent craft and trade establishments has been increasing at the rate of 9 percent over the last 3 years, while employment in them has been rising at 3.3 percent, so that this is one reason why at the beginning of last year there were over 31,000 workers on the employment rosters of the 17,986 "owners" in the private sector of small business. The figures show that there are about 52,000 employed in the socialized and private sectors of small business, which is 10.8 percent of the total employed labor force in Vojvodina. There is no doubt that the amendments had something to do with this, and it is felt that they will continue to have an important impact in the future, above all those which are made in the Law on Craft and Trade Establishments, which simplified the procedure for opening craft and trade establishments, especially in those activities in which a special work space is not required, the opportunity to hire more workers (up to 10), to establish joint craft and trade establishments, the opportunity offered to individuals to engage in handicrafts as a second occupation and also to provide craft and trade services as a secondary occupation.

The amendments and supplements to the Law on Contract Organizations of Associated Labor have also provided the conditions for this sector to go forward at

a faster pace as well (settlement of the question of retaining ownership of the capital invested, revaluation of those assets, the conditions, intervals, and manner of accounting, all of which have been brought under the same rules as in OOUR's in the socialized sector). This is felt to be realistic, since in addition to simplifying the procedure for creation of contract organizations of associated labor, certain other deficiencies were also removed from the "agenda"--the "tactical maneuvering" of the opstina agencies which have jurisdiction in this area. It is an extremely important rule here that within 60 days from the filing of an application to open a craft and trade establishment the opstina assembly must make a ruling. The shorter waiting period (in some opstinas it was incredibly long) will speed up the growth in the number of contract organizations of associated labor (during 1985 and 1986 their number increased from 12 to 15), which is in line with the desire to make it possible for Yugoslavs returning from temporary employment abroad to invest their savings in various production programs in small business.

An Ever Broader Range of Possibilities

laws enacted previously, which last year were supplemented and adapted to the new situation, provide a rather broad and interesting range of possibilities for new workers returning from abroad to get work at home. Attention should be paid to the possibility for the formation of four types of cooperatives (in the productive crafts and trades, in the service crafts and trades, general cooperatives, and cooperatives for purchases and sales), since craftsmen and tradesmen have been accepting them rather well. Today in Vojvodina there are already 19 such cooperatives employing about 400 workers and bringing together more than 1,500 self-employed craftsmen and tradesmen who are members.

In addition to these opportunities for more rapid development of craft and trade activity, the establishment of contract organizations of associated labor, craftsmen's cooperatives, the judgment in the provincial secretariat for industry, construction, and tertiary activities is that we should "go out to meet the times and the needs" in other fields as well. Especially since, for instance, the Law on Highway Transportation envisages a number of possibilities for individuals to operate as common carriers. There is no limit on the load capacity of the vehicle, nor on the area served; two other workers may be hired for loading and unloading, there is no longer a limit on revenues realized from shipping services when an OOUR engages an individual as a carrier; the opportunity has been created to use special vehicles and to set up bus lines within opstinas. Official sanction has also been given to the possibility of extending small business into water transportation, tourism (guide services and establishment of private camping grounds), retail trade (expanding the assortment of products and hiring an additional four workers), and so on.

Tax policy, which has been an essential factor in the development of small business, especially toward the end of last year, has to a large extent been adapted to the interests of those employed in tertiary activities. The law and a social compact have provided the basis for applying the same conditions as in taxation of self-employed craftsmen and tradesmen, and tax exemptions and deductions have also been envisaged for elderly taxpayers, disabled persons, those who employ more workers, those who invest their own capital in

equipment and reconstruction of equipment, those who are opening an establishment for the first time, and so on.

Quite recently the social community has been paying ever greater attention to the development of small business, as can be seen in the various actions taken in almost all 50 of the opstinas in Vojvodina. In most of those opstinas programs have been adopted for the development of small business, while in some this subject matter has found its place in the long-range development program. The Economic Chamber of Vojvodina, which together with the National Bank of Vojvodina took steps 2 years ago to distribute the deposits of sociopolitical organizations among the OUR's in small business--according to the criteria and priorities set down, about 150 million dinars are being committed as they continue their activity. Rights of establishments have been allocated for the supply of imported production supplies and spare parts to small industry, and a self-management accord on the right to purchase foreign exchange has also been drawn up. The steps taken so far and the efforts shown in the resolution for development this year, along with various documents of Vojvodina opstinas--although not especially impressive--do point up the fact that a fundamental change is beginning to take place in the attitude toward development of small business.

7045

CSO: 2800/122

WARSAW PACT RECONNAISSANCE OPERATIONS DETAILED

Reconnaissance Organization, Command

Frankfurt/Main SOLDAT UND TECHNIK in German No 1, Jan 87 pp 36-40

[Article by Lt Col Arnold Lauterback: "Importance and Command of Reconnaissance in the Warsaw Pact Ground Forces"]

[Text] At the end of the 1960's, Marshal Sokolovskiy describes in his book "Militaerstrategie" every possible war between the two superpowers as an exchange of nuclear blows. "Under the conditions of modern war, military strategy will be a strategy of strikes with missiles and nuclear weapons from great depth in connection with the simultaneous combatting and destruction of the economic potential and the armed forces in the entire depth of the enemy territory so as to achieve the war objectives in the shortest possible time." (Footnote 1) (Sokoloskiy, "Militaerstrategie," Markus Publishing House, Cologne, 1969, p 64)

Despite this opinion, the Soviet Union equipped its conventional forces in the 1970's to an extent that had never before been seen in peacetime. It also steadily improved the quality of its weapon and weapon-delivery systems, above all their accuracy. Today conventional warheads ensure the success that formerly could be guaranteed only through the greater explosive power of nuclear munitions. Logically the Soviets changed their pattern of war.

In an interview in KRASNAYA ZVEZDA [RED STAR] on 9 May 1984, Nikolay Ogarkov, the Soviet general staff chief at the time, pointed out that it is impossible to limit a nuclear war once it starts. Above all a "decapitation strike" is impossible. "Any so-called limited use of nuclear weapons inevitably leads to the immediate employment of the entire nuclear potential of both sides." Even an exchange of blows with a reduced number of nuclear warheads would lead to "unacceptable losses" for both sides.

Ogarkov outlined his own image of war when he went into the development of nonnuclear technologies. He characterized the effect of conventional weapons as close to that of nuclear arms. Automated "reconnaissance and offensive complexes," highly precise remote-controlled aircraft and qualitatively new electronic control systems would make possible this "destructive power" of nonnuclear warheads. Their range would cover the entire depth of the enemy's

national territory. At the same time, supported by this employment of weapons, major formations would occupy territory selectively in the depth of the enemy. Ogarkov considers the importance of the initial period of a future war and the course of the first operations to be incomparably greater than in past wars.

Because the success of initial operations, the pace and the striving for a time advantage with respect to the countermeasures of the enemy have highest priority, precise, timely and comprehensive reconnaissance results are of greater importance in the "new strategic concept."

In contrast to nuclear warheads that devastate large areas, then, precise weapons with conventional ammunition require target assignments that are more current and accurate with respect to time and space. The problem is no longer the limited ranges of the delivery systems or the ability to hit detected targets but the difficulty in reconnoitering them, transmitting these results punctually, evaluating them and immediately giving the order to fire to an available and suitable weapon system before the target moves out of the area in which it was reported.

According to another source, the "advance forces" pushing forward on the ground and the "tactical and operational strategic airborne troops" also require precise and current reconnaissance reports for their operational planning.

The reconnaissance results required for initial operations must be collected by the reconnaissance forces of the Warsaw Pact during peacetime, kept current and continuously updated during wartime. This requires an effective and extensive espionage and reconnaissance network.

The Reconnaissance and Espionage Organizations of the Warsaw Pact Armed Forces

The military reconnaissance of the Warsaw Pact is conducted by the intelligence service of the Soviet General Staff, the GRU [Glavnoye Razvedyvatelnoye Upravleniye]. All Soviet forces employed in military reconnaissance and espionage are subordinate to it. It also relies on the intelligence services of the non-Soviet Warsaw Pact countries.

The Main Intelligence Administration of the Soviet General Staff (GRU)

The GRU is part of the Soviet General Staff. The section of the GRU responsible for procuring information is subdivided into four departments in accordance with the geographic operating areas as well as the "Fifth Department" (operational reconnaissance) and the "Sixth Department" (electronic reconnaissance). In addition, there are four directorates.

The "Fifth Department": This department of the military intelligence service of the Soviet Union is technically superior to the "reconnaissance departments" of the four groups of Soviet troops in the forefield and to those of the 16 military districts and the four fleets. It is primarily in charge of their command. It must necessarily have a command structure similar to that of the subordinate levels. The "Fifth Department" of the GRU does not

have any reconnaissance forces of its own but it does have unlimited and direct influence on the command of the reconnaissance of subordinate command levels.

The "6th through the 12th departments": The 6th Department and the 7th through the 12th departments (information) hold a dominant position. All have the right of direct guidance of and access to information and electronic-warfare [EW] staff sections of departments one through five. Thus, the sixth department with worldwide responsibility for signal intelligence coordinates the work of the telecommunications and electronics forces of the Fifth Department with its own EW activities handled from embassies, residences, commercial establishments and ships. All knowledge gained in this manner is collected and analyzed in the Sixth Department.

Through the direct right of access of the 6th through the 12th departments to the "information" staff sections of other departments, information obtained through different methods and from various sources can quickly be collected, analyzed and passed on directly to the relevant user. On the other hand, orders involving the recovery of information can also be issued directly to those procuring it.

Even Front/Military Districts and Army

Every front or army command has a staff element "Reconnaissance Department." Its head is superior to all reconnaissance forces of the respective major formations. He himself is directly under the chief of staff of the front or army. Technically he is under the reconnaissance chief of superior command authorities. From them he receives direct technical instructions. The army chief of reconnaissance maintains close contact with the staff group for artillery reconnaissance. The "reconnaissance departments" are organically subdivided into the areas:

- operational-tactical reconnaissance,

- espionage,

- "special-purpose troops" (Footnote 2) (The original Soviet designation of these troops is: "Voyska spetsialnogo naznacheniya." From this was derived the designation SPETSNAZ that is often found in Western technical publications.),

- signal intelligence,

- information evaluation.

The "First Department": Operational-tactical reconnaissance. This department has no ground-based reconnaissance forces of its own. It coordinates the use of all reconnaissance forces and employs the forces that are to perform reconnaissance in the interest of the front or army. Nevertheless, depending on its importance, the front has one to three air reconnaissance regiments. With three air reconnaissance regiments, the "Group of the Soviet Troops in Germany" has a very large potential. Its reconnaissance methods range from

visual and photographic reconnaissance to "Side Looking Airborne Radar" (SLAR) with deep (about 150 km) penetration laterally and the TV/Side Scan Data Link System (Figure 1) with almost no time delay. Because of its capability of obtaining a lateral view deep into the enemy's defense area, air reconnaissance has great importance even in times of tension. Air reconnaissance will monitor the defender's deployment in the planned point of main attack. With multiple sensors that can penetrate darkness and foliage, it can reconnoiter the location of combat vehicles, as long as these vehicles are not in solid buildings.

The "Second Department": This department (espionage) recruits agents and directs them to obtain reconnaissance material on the potential deployment area of the major formation--hence in the neighboring country--through subversive means.

The "Third Department": This department coordinates the use of "special-purpose troops" of the front and the subordinate armies. But especially this department is subordinate in its planning to the command primacy of the "Fifth Department" of the GRU. Departments of the "special-purpose troops" explore in their potential operational area possibilities enabling them to take action effectively and with the element of surprise in times of tension and war. Above all their actions are supposed to delay the assembly of NATO forces, destroy in good time the air defense resources and other military delivery systems that can put into question the advance of the Warsaw Pact forces, and paralyze military and civilian command centers. Civilian and military command personalities are to be neutralized through rapid action and the defensive will of soldiers and the population paralyzed.

The "Fourth Department": This department for analysis and information collects, classifies and evaluates the entire material of the other departments of this level, reports the results to superior authorities and informs subordinate forces. By-passing intermediate levels, reconnaissance results can be made available to it by the information department, the "Fifth Department."

The "Fifth Department": This department (signal intelligence) plans and conducts signal intelligence. This kind of reconnaissance has special importance for the strategic, operational and tactical reconnaissance of the Soviet Union. Accordingly, it plays a central role (see Figure 2). Electronic reconnaissance is carried out by two EW regiments of the respective front and by an army signal intelligence battalion as well as a division signal intelligence company. In peacetime and wartime, they detect the communications traffic and the electromagnetic radiation of the enemy's position-finding and guidance systems and evaluate them technically, operationally and tactically. In addition to the five departments, there is a group at the front level for evaluating aerial photographs. The front and army each also have interpreter groups that translate procured documents and interrogate prisoners of war.

Division and regiment: The "reconnaissance department" of the division is headed by a staff officer. Administratively he is subordinate to the division commander and his chief of staff. Technically he also receives missions and information directly from the head of the army "reconnaissance department." He prepares the reconnaissance plan for the division. In that plan, he coordinates, among other things, the use of the armored reconnaissance companies of the regiments with that of the division's own reconnaissance battalion. Through the division's "combat operations group" that includes air liaison officers, he can call for air reconnaissance. He maintains close contact with the division artillery officer (chief of the rocket forces and artillery) so as, on the one hand, to be informed about the results of artillery reconnaissance and, on the other hand, to designate targets on the basis of other knowledge.

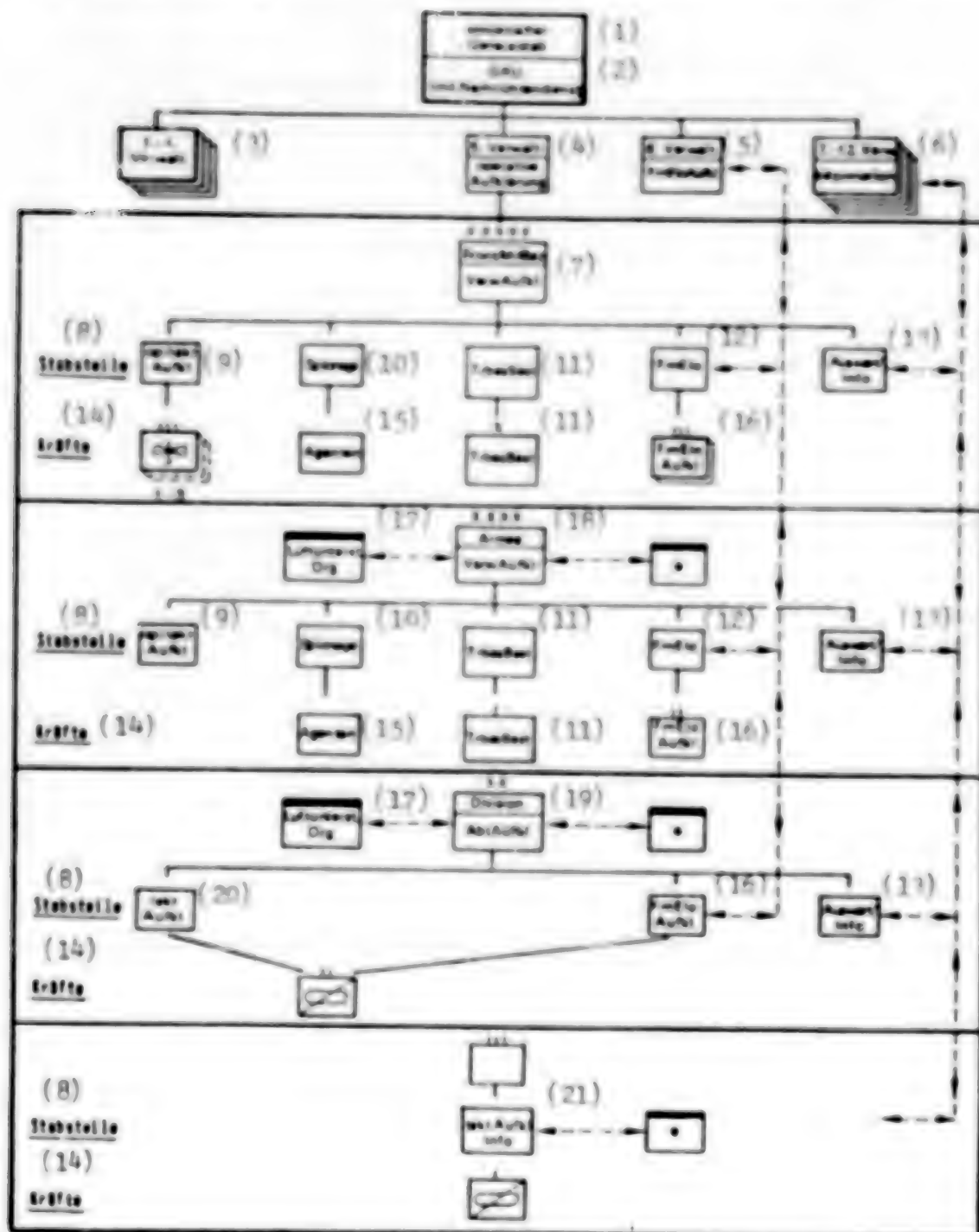


Figure 2. The Reconnaissance of the Warsaw Pact Ground Forces (Organization, Command and Information System)*

* For reasons of clarity, only information and command lines that influence the hierarchical structure of military reconnaissance from positions outside the "Fifth Department" were shown. Within military reconnaissance, influences and information run horizontally and vertically. Jumping over command levels is possible in the reconnaissance system just as it is in the other command areas of the Warsaw Pact.

Key:

1. Soviet General Staff
2. GRU (military intelligence service)
3. First through fourth departments
4. Fifth Department—operational reconnaissance
5. Sixth Department—signal intelligence
6. 7th through 12th departments—information
7. Front/military relations—reconnaissance department
8. Staff sections
9. Optical/tactical reconnaissance
10. Espionage
11. Special-purpose troops
12. Telecommunications and electronics
13. Evaluation of information
14. Forces
15. Agents
16. Signal intelligence
17. Air support organization
18. Army—reconnaissance department
19. Division—reconnaissance department
20. Tactical reconnaissance
21. Tactical reconnaissance and information

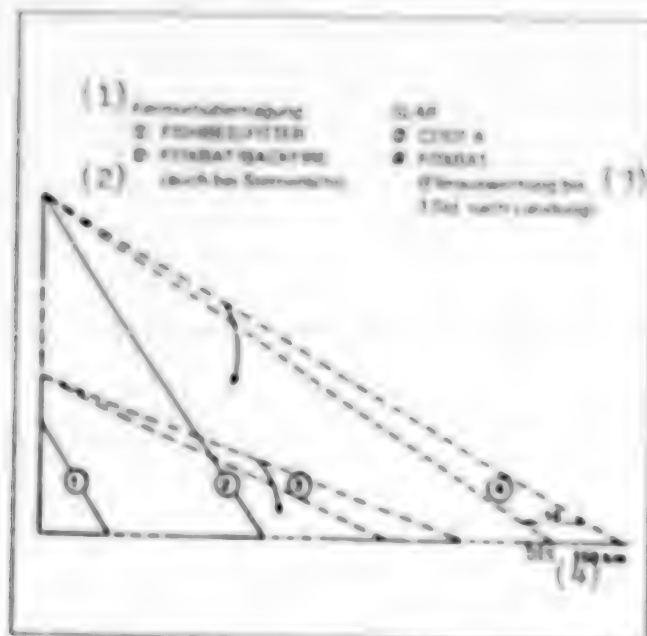


Figure 1. Warsaw Pact Air Reconnaissance (teletransmission system and SIAR)

Key:

1. Television transmission
2. (by starlight as well)
3. (film evaluation within 3 hours of landing)
4. Up to 150 km

The Automation of Information Processing and Its Importance for the Reconnaissance-Fire Complex (Figure 4)

The time factor in combat has long played a major role for the Soviet military command. In the current discussion, it is emphasized that its importance is steadily increasing. Thus, Maj Gen Prof Dr Y. Vorobev writes in the 9 October 1985 issue of the army newspaper KRASNAYA ZVEZDA: "Combat takes place (he means today) more rapidly and more intensively (literal translation: has become compressed in time). What formerly was achieved in stubborn battles in weeks, let us say, can now be achieved in days or even in hours. The increased interdependence of speed, space and time has become the characteristic feature of combat."

The Soviets are trying two measures to accomplish the more rational use of time through improved command performance. They are:

- the continual improvement of the training and advance training of commanders as well as of the organization of command posts and
- the "automation" of command through the use of central and decentralized up-to-date computers, remote-control and control equipment.

Related to computer-aided command are reconnaissance-fire systems (razvedyvatelno-udarnyy kompleks = RUK, designated as "reconnaissance-strike complex" by the National People's Army). They combine engagement and reconnaissance resources as well as systems for collection, storage, processing/analysis and relaying on the basis of autonomous total systems. They are to make possible immediate target acquisition, evaluation and allocation to suitable weapon systems, the calculation of initial values for firing, and a high hit probability. In principle, the "identify-destroy" cycle for ground targets should not last longer than 6 to 10 minutes. Under favorable conditions, artillery fire could be even on target as soon as 2 minutes after recognition.

The command center of a reconnaissance-fire complex can be linked with different reconnaissance resources. It is usually located in the vicinity of the command post of a major formation. Its mobility is increased when it is accommodated in flying command posts and linked with air delivery systems.

Necessary target allocations are registered, transmitted and carried out more quickly.

The arsenal of weapons and weapon delivery systems of the "strike complex" can include rocket and tube artillery, attack helicopters and fighter bombers. A basic structure exists neither for this fire complex nor for the reconnaissance resources and forces working in the system. The available forces and resources are assembled in accordance with the mission and situation.

According to the Soviet Major General Simonyan—he is recognized in the Warsaw Pact as an authority in the reconnaissance field--fire complexes are also linked with forces that reconnoiter in the depth of the enemy territory. .ps This is a reference to the "special-purpose troops." On the basis of their target reports, targets can be engaged effectively by keeping the corresponding delivery systems in readiness in the entire depth of the enemy territory.

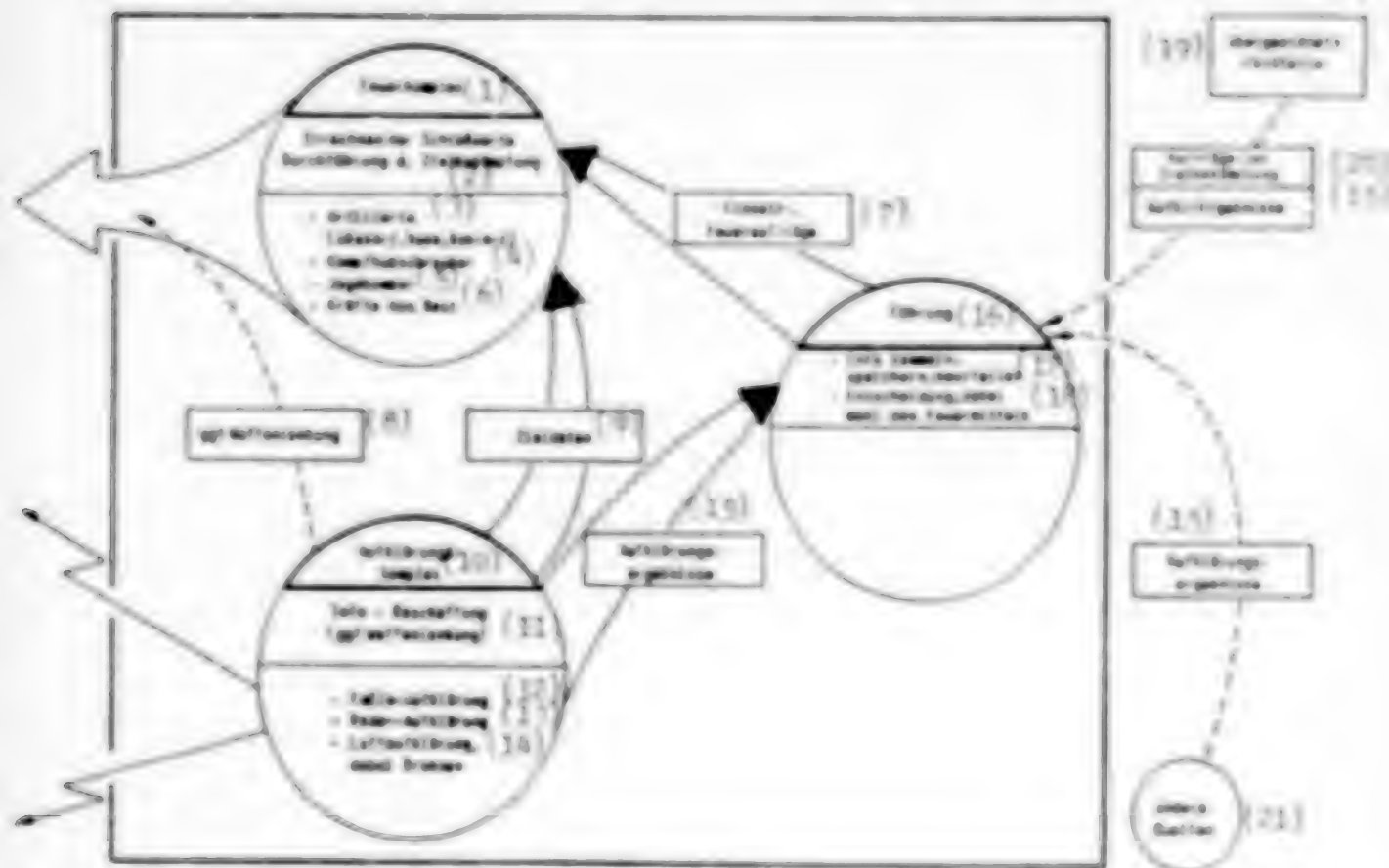


Figure 4. The Reconnaissance-Fire Complex

Key:

1. Fire Complex
2. Calculation of firing values, target engagement
3. Artillery (rocket artillery, rocket launchers, tube artillery)
4. Attack helicopters

5. Fighter bombers
6. Special-purpose forces
7. Operational and firing missions
8. Weapon control, if necessary
9. Target data
10. Reconnaissance complex
11. Information procurement (if necessary, weapon control)
12. Signal intelligence
13. Radar reconnaissance
14. Air reconnaissance, drones
15. Reconnaissance results
16. Command
17. Collect, store and evaluate information
18. Decision, choice of fire resources
19. Superior command authority
20. Target engagement missions
21. Other sources

The Most Important Reconnaissance Targets for the Warsaw Pact Ground Forces

The reconnaissance for the Warsaw Pact ground forces is concentrated in peacetime and wartime on targets that substantially oppose the planned thrust into the depth or against installations whose early occupation supports this thrust. These are above all:

- the forces and peacetime posts of the potential enemy as well as his assembly and military roads,

- air defense systems that endanger the operations of their own air forces, including the flying in of airborne forces,

- airfields,

- nuclear deliver systems and up-to-date "high-performance weapon complexes" with intelligent subammunition that can inflict crushing losses both to the attacking first echelon of the ground forces and to those following in depth,

- solidly built and mobile command posts, telecommunications and government centers, and military and civilian leaders. They are to be neutralized so as to paralyze the command system at all levels as soon as combat operations begin.

In addition, reconnaissance in peacetime provides knowledge important for planning, equipment/military equipment, training and strategic reserves of its own armed forces, that is, knowledge on operational planning, command regulations and mobilization plans, on weapons and other major items of equipment, and on the will for self-preservation of the armed forces and population of the potential enemy.

Summary and Assessment

The operational planning of the Warsaw Pact ground forces is determined by the echelon formation and by deep selective thrusts. Formations and major formations are to penetrate the enemy defense quickly by land. Air landings take place simultaneously in the depth. The echelon principle leads in some phases of combat to high massing; deep thrusts are naturally carried out with open flanks; air landings take place in an area controlled by the enemy and initially with no immediate liaison with the main forces. With operations of this type, therefore, success is largely dependent upon a continuous and uninterrupted flow of purposefully acquired reconnaissance results.

Accordingly, the Warsaw Pact armed forces have a close-meshed reconnaissance network in war and in peace. The high performance capability of its reconnaissance forces is made available for all levels in a command system transcending military services.

On the basis of their objectives, the army and division are the most important users of reconnaissance results. This is also apparent through the allocation of the reconnaissance forces and the possibilities of support through air reconnaissance results. The reconnaissance resources allocated to the

respective command echelons are represented in the staffs by the corresponding command elements.

The quantity and quality of reconnaissance results have a direct and essential impact on the troop command. Reconnaissance forces are therefore concentrated at the focal point of the operation and are employed in goal-oriented missions.

New possibilities opened up by technology are checked for military uses and then, if the occasion arises, are utilized systematically for the preparation and conduct of the engagement action. In this sense, new means are continuously being developed for the detection of targets and for the collection, processing and transmission of reconnaissance results. Some of them are linked with accurate up-to-date weapon systems of different ranges and effects. They are to destroy high-performance fire systems of the defender even before these are put into operation.

In Soviet command doctrine, troop command, weapons and reconnaissance are an indivisible dialectical whole. In modern combat, the reconnaissance factor has thereby become substantially more important. Maj Gen R. Simonyan comes to the point: "Under existing conditions, it is inconceivable that the great possibilities of the weapons and troops can be realized when reconnaissance is not in a position to solve the tasks before it in good quality.

Reconnaissance Forces, Equipment

Frankfurt/Main SOLDAT UND TECHNIK in German No 1, Jan 87 pp 42-46

[Article: "Reconnaissance Forces and Resources of the Warsaw Pact Ground Forces: Differentiated Potential With Efficient Equipment"]

[Text:] Reconnaissance results are of fundamental importance for operational planning and conduct of operations. For this reason, reconnaissance is carried on by all military services and service branches. In the following, supplementing the preceding article on the importance and command of reconnaissance, those forces and resources are presented that prepare the Warsaw Pact ground forces for this. Supplemented through other sources, they continuously provide the troop commanders with information on the enemy reliably and in great depth.

Forces and Resources of Combat Reconnaissance and Armored Reconnaissance

Combat reconnaissance is performed by all forces that must expect contact with the enemy. For this purpose--adapted to the situation and forces through strength and composition--they form "reconnaissance organs." Combat forces employ, for example, "combat reconnaissance troops" (GAT) or "independent reconnaissance troops" (SAT). Both are essentially composed of a platoon of combat forces reinforced with engineers, NBC detectors and possibly with an artillery observer as well (Figure 1). Reinforced units and formations of the combat forces can also be ordered to reconnoiter together. They then form "reconnaissance detachments."

Armored reconnaissance units are in the basic structure of the reconnaissance battalion of the division (Figure 2). Each combat regiment has an armored reconnaissance company (Figure 3). Battle tanks, BMP-1/BMP-2 armored personnel carriers, BRM/BRM-1 reconnaissance tank (track), and the BRDM-2 reconnaissance tank (wheeled) are available to these forces. Motorcycles are now used only as messenger vehicles. All armored vehicles have active and in part passive night vision equipment with a range of about 800 meters. The battlefield surveillance device TAIL MIKE of the BRM-1 has a maximum range of 10 km. But its effective power depends upon the terrain. The BMP-1 and BMP-2 armored personnel carriers as well as the BRM/BRM-1 reconnaissance tank (track) and the BRDM-2 reconnaissance tank (wheeled) are amphibious and, depending upon the nature of the banks, can reconnoiter over water obstacles. The armament of the armored tracked vehicles also gives the armored reconnaissance units the capability of performing reconnaissance against an armored enemy. In particular, they are able to make direct attacks against reconnoitered command posts and other important targets. With their small arms, the soldiers in the rear crew compartment of the BMP-1/BMP-2 increase the firepower at short range.

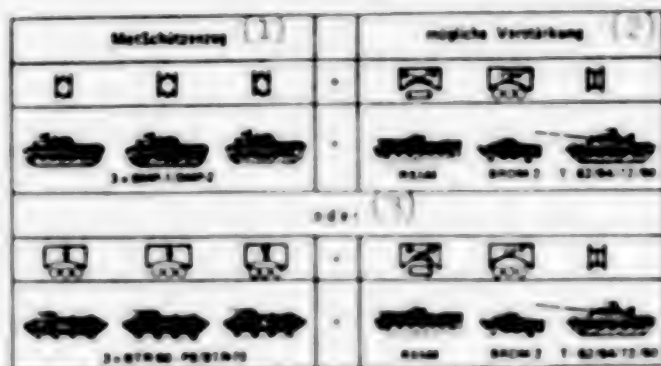


Figure 1. Combat Reconnaissance: Possible composition of an "Independent Reconnaissance Troop" (SAT) or of a "Combat Reconnaissance Troop" (GAT). "SAT" and "GAT" differ less in their composition than in the distance at which they reconnoiter away from the main forces and through the command echelon for which they are acting ("GAT" = battalion for distances up to 5 km; "SAT" = regiment for distances up to 20 km).

Key:

1. Motorized infantry platoon
2. Possible reinforcement
3. Or

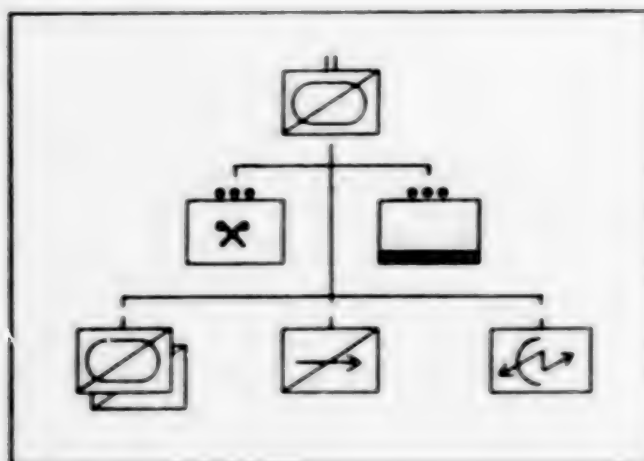


Figure 2. Armored Reconnaissance: Basic Structure of the Armored Reconnaissance Battalion of the Armored Infantry/Tank Division

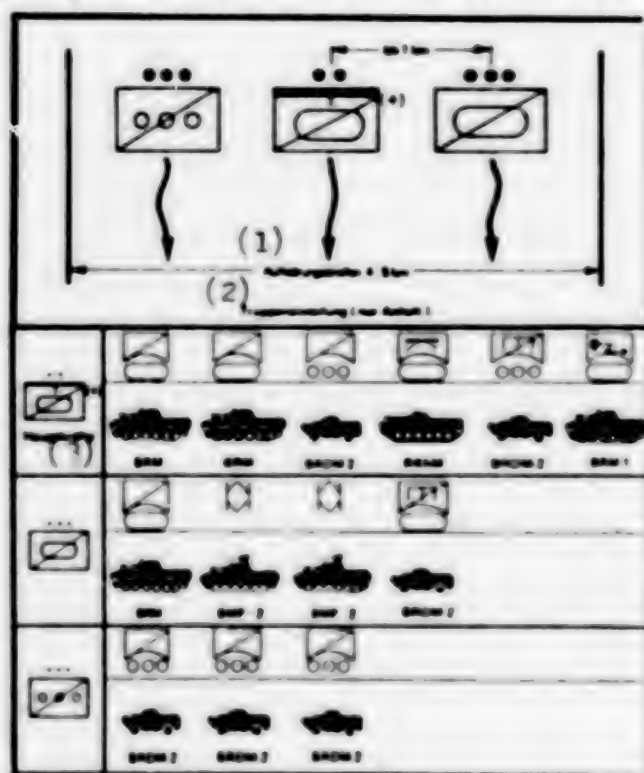


Figure 3. Armored Reconnaissance: Possible Tactical Grouping and Use of Forces of a Reinforced Armored Reconnaissance Company

Key:

1. Reconnaissance strips 4 to 5 km
2. Tactical grouping (indication only)
3. Main forces

Forces and Resources of "Long-Range Reconnaissance"

There is also a "long-range reconnaissance company" in the reconnaissance battalion of the combat division. It can engage as many as six detachments in the depth of the enemy defense area. The soldiers are trained in parachute jumping. But they with their BRDM-2 combat vehicles can also be landed by helicopters of the type Mi-6/HOOK.

Forces and Resources of Signal Intelligence

At the highest level, the army level (the front is already a "general formation" and as such is not to be assigned to any individual military service!), the Warsaw Pact ground forces have a communications intelligence battalion. A signal intelligence company is integrated into the reconnaissance battalion of the combat division. This company is organized so that it can listen in on the most important command circles of a NATO brigade opposite it (Figure 8).

In accordance with physical laws, the signal intelligence devices are employed near the front (UHF, VHF and HF ground wave) or in the depth of the area (HF sky wave). They can achieve the following reconnaissance depths:

Type of Reconnaissance	Frequency Range	Reconnaissance Depth
Communications intelligence	UHF, VHF	40 to 60 km
	HF (ground wave)	up to 80 km
	HF (sky wave)	unlimited
Electronic reconnaissance	VHF-EHF	40 to 60 km

Employed with air support, the range of the devices is doubled or tripled. An additional advantage then is the reduction of so-called "dead space" that lies in the radio shadow on account of the terrain.

The detection of electromagnetic radiation occurs through the direction-finding bearing of the same radiation source through several direction-finding sites of a direction-finding base. The accuracy depends upon the frequency range of the transmitter as well as the technical conditions where the direction-finding site has been set up. A directional accuracy of plus or minus 2 to 3 degrees is possible, so that in the VHF range, for example, accuracies within plus or minus 1 km can be achieved.

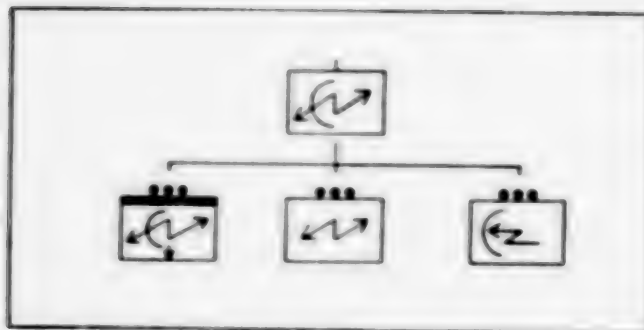


Figure 8. Signal Intelligence: Structure of the Signal Intelligence Company in the Armored Reconnaissance Battalion of the Motorized Infantry/Tank Division

Forces and Resources of Air Defense Reconnaissance

Air defense reconnaissances serve in the reconnaissance of aircraft or missiles through the air defense squads. It is carried on at all command echelons beginning with the command regiment with different kinds of radar.

At the army echelon, use is made of a battalion equipped with early-warning and heightfinding radar sets. This air defense reconnaissance battalion is equipped with six each of the SPOON REST and FLAT FACE early-warning radar sets, three SQUAT EYE early-warning radar sets, and three THIN SKIN heightfinding radar sets. The reconnaissance range of these devices is about 150 to 180 km. The reconnaissance results of the battalion are forwarded, among others, to the antiaircraft missile units/formations that are likewise equipped with appropriate, mostly mobile radar sets for air space observation in their area of responsibility. Radar reconnaissance with early-warning and heightfinding radar sets is carried out at:

--the army echelon in the SA-4 antiaircraft missile brigade and the SA-8 antiaircraft missile regiment,

--the division echelon in the SA-6 antiaircraft regiment or the SA-6 antiaircraft missile regiment.

The antiaircraft missile/antiaircraft gun battery (ZSU-23/4, SA-13) at the regiment echelon is also supported by homing radar. The early-warning/homing radar LONG TRACK used with the antiaircraft guided missile systems SA-4 and SA-6 monitors the air space at a range of up to 150 km and a height of up to 30 km.

Forces and Resources of the Artillery Reconnaissance

Units of artillery reconnaissance are found in the basic structure of the artillery division, in artillery brigades and artillery regiments. The firing artillery sets up observation posts. The artillery reconnaissance is carried out with:

- sound-ranging systems,
- photometric systems,
- radar systems,
- battlefield surveillance equipment,
- rangefinders,
- theodolites,
- night vision equipment.

The sound-ranging systems locate heavy weapons at ranges of up to 20 km and more. By evaluating the plotted frequencies, it is possible to draw conditional conclusions about the nature of the target. Digital computers are increasingly replacing manual evaluation.

At longer ranges, photometric systems are suitable only for locating heavy weapons. Under favorable conditions, they too can achieve depths of more than 20 km.

Gun-locating radar systems detect projectiles from high-angle weapons, follow part of the ballistic trajectory, and from it calculate the coordinates of enemy gun emplacements. Mounted on tracked vehicles, they are employed immediately behind the most forward combat troops.

Such battlefield surveillance radar sets as BIG FRED and SMALL FRED, for example, have maximum ranges of 15 and 25 km, respectively. They are also available to artillery reconnaissance.

Electronic surveillance is likewise performed by artillery reconnaissance units. For example, the passively operating FOLE-DISH device determines the location of battlefield radar sets or enemy air control stations through direction finding.

With the observation organs of the firing artillery, the Warsaw Pact ground forces have a substantial potential in forces for artillery reconnaissance. They set up the "commander-B positions" and "chief-B positions." Besides through the special artillery observation vehicles, the observers can also be made mobile in reconnaissance helicopters. They then reconnoiter targets that are not visible from ground observation positions.

Performance Data on Reconnaissance Tanks of the Warsaw Pact Ground Forces

(1) Daten	(2) Typ	Aufklärungs- BRDM-2 (3)	Aufklärungs- BRM (4)	Aufklärungs- BRM-1 (5)	Artillerieaufklärungs- M 1974 (6)	Radar- BRP-3 (7)	Radar- SNAR-10 (8)	Flak- BRM (9)	ABC-Aufklärungs- BRDM-2/ABC (10)	ABC-Aufklärungs- BRM (11)
Fahrwerk (12)		Radelfahrwerk 4 x 4 mit Hilfsachse (13)	Radelfahrwerk 4 x 4 (14)	Radelfahrwerk 4 x 4 (14)	Radelfahrwerk 4 x 4 (15)	Radelfahrwerk 4 x 4 (14)	Radelfahrwerk 4 x 4 (16)	Radelfahrwerk 4 x 4 (17)	Radelfahrwerk 4 x 4 (18)	Radelfahrwerk 4 x 4 (16)
Gesamtgewicht (18)		7	ca 14	ca 14,5	15	ca 14	ca 12	ca 17	7	ca 12
Motor (19)		2000 Vierzylinder (20)	2000 Vierzylinder (21)	2000 Vierzylinder (21)	2000 Vierzylinder (22)	2000 Vierzylinder (22)	2000 Vierzylinder (22)	2000 Vierzylinder (22)	2000 Vierzylinder (22)	2000 Vierzylinder (22)
Motorleistung (24) kW		100	210	210	220	210	170	170	100	170
Fahrbereich (25) km		750	500	500	500	500	500	750	750	750
Bewaffnung (26)		1 MG 7,62 mm (27)	1 MG 7,62 mm (27)	1 MG 7,62 mm (27)	1 MG 7,62 mm (27)	1 MG 7,62 mm (27)	1 MG 7,62 mm (27)	1 MG 7,62 mm (27)	1 MG 7,62 mm (27)	1 MG 7,62 mm (27)
Ausrüstungsgeräte (29)		Fernglas opt. E-Mal Ger. 401 Nachtsicht-Ger. (30)	Fernglas opt. E-Mal Ger. 401 Nachtsicht-Ger. (31)	we. BRM-2-Ger. Ger. 401 Nachtsicht-Ger. (32)	we. BRM-2-Ger. Ger. 401 Nachtsicht-Ger. (33)	we. BRM-2-Ger. Ger. 401 Nachtsicht-Ger. (34)	we. BRM-2-Ger. Ger. 401 Nachtsicht-Ger. (35)	we. BRM-2-Ger. Ger. 401 Nachtsicht-Ger. (36)	we. BRM-2-Ger. Ger. 401 Nachtsicht-Ger. (37)	we. BRM-2-Ger. Ger. 401 Nachtsicht-Ger. (37)

Key:

1. Data
2. Type
3. Reconnaissance tank BRDM-2
4. Reconnaissance tank BRM
5. Reconnaissance tank BRM-1
6. Artillery command observation tank M 1974 (type II)
7. Radar tank BRP-3
8. Radar tank SNAR-10 (previously: MT-1B M 1975)
9. Engineer reconnaissance tank BRM
10. NBC reconnaissance tank BRDM-2/ABC
11. NBC reconnaissance tank BRM
12. Track and suspension
13. Wheeled vehicle 4 x 4 with auxiliary axle
14. Track and suspension of the BRP-1
15. Track and suspension of the PzH 251
16. Track and suspension of the MT-1B
17. Track and suspension of the BRP-1, extended
18. Combat weight
19. Engine type
20. Eight-cylinder, V, four-cycle Otto
21. Six-cylinder, V, four-cycle diesel
22. Eight-cylinder, V, four-cycle diesel
23. Unknown, probably as in the BRP-1
24. Engine output
25. Operating range
26. Armament
27. MG = machine gun
28. BK = main gun
29. Reconnaissance equipment
30. Binoculars, optical ranging device, active night vision equipment

31. Binoculars, optical ranging device, active and passive night vision equipment
32. As in the BRM, plus battlefield surveillance radar TALL MIKE, range about 10 km
33. Laser rangefinder, day/night observation device, vehicle navigation system
34. Battlefield surveillance radar SMALL FRED, range about 15 km, additional target acquisition and observation equipment, vehicle navigation system
35. Battlefield surveillance radar BIG FRED, range about 20 km
36. Mine detector, depthfinder, panoramic periscope, additional engineer reconnaissance equipment
37. As in the BRDM-2, plus NBC warning and detection equipment, spotting system for NBC markers

Forces and Resources of "Engineer Reconnaissance"

Engineer reconnaissance is carried out by special engineer reconnaissance platoons. They are part of the engineer battalions. The following can be used as transport vehicles for engineer reconnaissance forces:

- armored personnel carrier BTR-50 PK,
- armored personnel carrier BTR-60 PB,
- armored personnel carrier BTR-70.

For reconnaissance and scouting, primarily of waters, the Warsaw Pact employs the engineer reconnaissance tank IPM, a lightly armored tracked vehicle with a roller gear. The vehicle possibly has both an amphibious and a deep-fording capability and may be equipped with a large number of devices for "engineer reconnaissance" (see No 10/86, p 590 and No 12/86, p 727).

For the reconnaissance of minefields, the inductive mine detector DIM is used as an accessory in combination with the command vehicle UAZ-69 or UAZ-469.

Forces and Resources of NBC Reconnaissance

NBC reconnaissance is performed as a main function of units and elements of the reconnaissance troop and the "chemical troop." These forces exist in platoon or company strength beginning at the regiment echelon.

All troops of the Warsaw Pact ground forces have NBC warning and detection equipment. Special NBC reconnaissance vehicles, on the other hand, exist only with the "chemical troop." The most important are:

--BRDM-2 RKh, a lightly armored amphibious wheeled tank with an automatic chemical agent indicator, a chemical agent detector for determining the nature and concentration of chemical agents, a radioactive contamination meter, and an automatic marker firing device on the rear;

--RKhM, a lightly armored amphibious tracked vehicle on the undercarriage of the transport tank MT-LB with NBC reconnaissance equipment similar to that of

the BRDM-2RKh. This vehicle serves as a replacement for the BRDM-2RKh or to replenish the equipment.

Forces and Resources of Air Reconnaissance

Air reconnaissance in the Warsaw Pact ground forces is performed with helicopters and drones. In addition, the results of the reconnaissance air forces of the front are also available to the ground forces. Air reconnaissance is performed through:

- visual observation,
- aerial photographs,
- reconnaissance with electronic equipment.

Visual observation is performed by the crew of every flight. But this kind of observation depends very much on the weather and can be successful only at an altitude of less than 1,000 meters and at low speeds. Optical equipment can be used for support.

Aerial photographs supplement visual observation. Depending upon the mission, different film material is used that also permits night photographs.

The Warsaw Pact obtains good and far-reaching reconnaissance results through reconnaissance with aircraft-supported electronic equipment. It thereby carries out signal intelligence, radar reconnaissance and optronic reconnaissance. This reconnaissance requires suitably equipped aircraft or helicopters.

Special reconnaissance helicopters include the Su-17/FITTER H, the MiG-25/FOXBAT B, the MiG-21/FISHBED H, the Yak-28/BREWER D, the IL-18/COOT A and the Tu-126/MOSS and the Mi-8/HIP J helicopter.

Forces and Resources of "Special Reconnaissance"

"Special reconnaissance" is carried out by "special-purpose troops." In the case of the ground forces, every army has a company of these special forces. It can form as many as 10 operational groups. They are provided with NATO and police uniforms as well as civilian clothing of the country in which they are carrying out their missions. Light hand-held weapons and rapid transmitters supplement the equipment. To the extent necessary, they receive additional special equipment/armament in accordance with their mission.

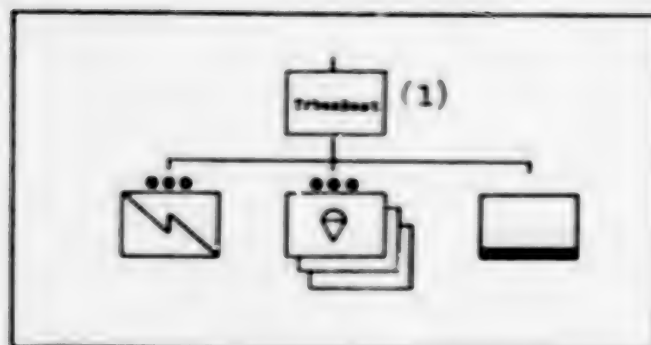


Figure 22. Structure of a Company of "Special-Purpose Troops"

Key:

1. Special-purpose troops

Evaluation

The Warsaw Pact ground forces have a differentiated potential in reconnaissance forces. In regard to their tactical and technical capability, they are sensibly integrated into the basic structure of the major formations. The rapid introduction of always more up-to-date and efficient equipment enables them to obtain ever-more precise reconnaissance results in every situation and at every time of day. In this way, they can continuously meet the information requirement of the command in the respective areas of interest reliably and in an overlapping manner.

The currently increasing introduction of electronic equipment for information transmission, storage and processing is worthy of special attention. It permits the more rapid translation of reconnaissance results into fire and movement than heretofore.

For the Warsaw Pact ground forces, the provision and continuous modernization of efficient reconnaissance forces is an important precondition for the successful fight for time in the rapidly progressing modern battle.

Reconnaissance forces and resources act on the battlefield only indirectly. They therefore often are not considered in comparisons of forces. As a matter of fact, however, they are often an important threat factor in peace and wartime and create the preconditions for the conduct of operations and the employment of weapons.

9746

CSO: 2300/166

SPECIALIST ANALYZES POLITICAL DEVELOPMENTS IN CHINA

Sofia POGLED in Bulgarian 2 Feb 87 p 8

[Article by Zakhari Zakhariiev: "Pending Reforms"]

[Text] Every event in the internal life of China meets with understandable interest throughout the world. Having lived through the convulsions of the cultural revolution, this huge country and its 1,200,000,000 inhabitants (1983) are making great efforts to bring the People's Republic of China (PRC) into the ranks of the first countries of the world. Despite the confusions and experiments, it can be said that the country has already made definite progress. In 1983 it ranked fourth in the world in steel production, second in coal mining, seventh in petroleum production, and first in cotton production. In agriculture too, spectacular results have been achieved. Progress has been made in electronics and space technology. The army has been significantly reduced in order to release resources for the economy. Visible improvements have set in in the PRC's relations with the socialist countries.

Recently the country was swept by student disturbances, which shows that the changes in the economy are not always in harmony with the political processes in this country. The general secretary of the Chinese Communist Party (CCP), Hu Yaobang, has resigned, and Zhao Ziyang will (temporarily) perform his functions. All this shows that the reforms in this huge country are not always proceeding smoothly, which is understandable in the present situation. How China will continue to develop, however, the Chinese themselves will decide. The article here presented casts additional light on some of the complex processes taking place today in the country.

A very great deal has been said and written recently in China about impending political reform. According to recent reports, a commission has already been established, headed up by Chairman of the PRC State Council Zhao Ziyang, which is to submit a political reform plan before the convening of the next party congress in 1987.

Recently the newspaper RENMIN RIBAO published a leading article headlined "Reform of Political System Possible Only under Leadership of Community Party," which responds to the demands raised by students during the demonstrations in the country last month. One of the student demands was the implementation of political reform without delay. The party press organ emphasized

that it can be accomplished only step by step since "the building of a highly democratic, efficient socialist political structure with a finished legal system is a long process."

The subject of political reforms is not new. It was formulated for the first time and put on the agenda by Deng Xiaoping as early as 1980 in his speech "On Reform of the Party and State Leadership System." In it he spoke of bureaucracy as a chief obstacle to democratization of the political system and called for systematic and singleminded reforms. This speech is considered a keynote document in the reform of China's political system. In subsequent years economic reform was launched, with reform of the political system said to be a step to come.

During his tour in the province of Fujian, member of the Political Bureau and Secretary of the CCP Central Committee Hu Qili said that the "reform process" impinges upon both 'ideology and superstructure," and noted that for the present only the first steps had been taken. At the same time, there appeared in the newspaper GONGREN RIBAO an article, headlined "Reform of Political System Mandatory," which advanced the concept that economic reform is not fully feasible unless political reform is carried out.

Most champions of the idea of political system reform connect it with the policy that has been pursued of modernizing the country, and chiefly with the economic reform implemented in the past few years. "Modernizations in industry, in agriculture, in the scientific and technical area are by no means enough. What are needed are reforms in the political area and in ideology," writes Su (Shaochzhu) in the newspaper RENMIN RIBAO. (Gan Yuysin) is more categorical on this question. "Practical experience shows," he writes in the PEKING REVIEW, "that unless the political system is reorganized, it will be difficult to implement economic reform. What is more, unless there is a drastic change in political reform, what has been achieved will not be able to gain a firm foothold and may even be done away with." Reform is considered an urgent necessity, an indispensable condition, for successful implementation of the modernization program. Recently over 100 representatives of theoretical, academic and political circles met in Peking to discuss reform of the political structure. The majority of the participants were of the opinion that reforms of the political structure are bound to encourage the smooth development of economic and social reforms. The predominant opinion was that current political reforms are directly necessitated by the conflict between the super-centralized political system and the development of the commodity economy. Along these lines, for example, separation of the administration of enterprises from state administration is under consideration. It is anticipated also that administrative structures will be simplified and management will be rationalized in order to increase efficiency.

It is striking that when it is a question of reform in the political sphere, opinions differ. Moreover, the differences are not just in terminology, but also in substance. While some articles talk about reform of the political system, others use the concept of reform of political structures. This fact means that some participants in the discussion champion more radical concepts. It can also be assumed that political reform is encountering definite

opposition. This explains in part also the excessive prolongation of the preparatory phase of reform in the political sphere. Although it has been written about since 1980, an honest-to-goodness start on it still has not been announced.

Recently during his conversations with the Italian prime minister Bettino Craxi and the Japanese prime minister Yasuhiro Nakasone, Deng Xiaoping declared that the conditions for political reform were not yet ripe and that a great deal of work lay ahead before a final plan for reorganization would be worked out. A little later, returning once more to this question, Deng Xiaoping gave a different interpretation during his meeting with Mexican President Miguel de la Madrid. His statements that the 1980's will participate in the reform too was interpreted as a signal that political reform is not all that distant a goal.

The student demonstrations in the largest university cities of China have been a catalyst for debates over political reforms in the country and have clearly shown that some of the protesters are inspired by the Western model of democracy and are calling for "liquidation" of the socialist political system. It is no accident that the newspaper RENMIN RIBAO of 12 January termed these demands "bourgeois liberalism" and severely censured them. That is precisely the meaning of the words: "Slavish imitation of the West" is tantamount to "total repudiation of socialism." The repudiators of the present political system have been decisively rebuffed, and some of the protest instigators have received party and administrative punishments. The party press organ gave it clearly to be understood that the PRC will proceed on the path of "socialism with Chinese traits," and not on the capitalist path of "slavish imitation of the West." This policy has been defended more categorically still by the CCP theoretical organ, the magazine (JIAOXI), which warns that there will be no mercy for those who try to "undermine" the socialist order and "violate" the constitution and the laws.

6474

CSO: 2200/53

DECREES ISSUED BY STATE COUNCIL

Sofia DURZHAVEN VESTNIK in Bulgarian 30 Jan 87 p 1

[Ukases Nos. 244, 245 and 246 of the State Council of the Bulgarian People's Republic, all issued in Sofia on 26 January 1987, sealed with the state seal, and signed by Chairman of the State Council of the Bulgarian People's Republic T. Zhivkov and by Secretary of the State Council of the Bulgarian People's Republic N. Manolov]

[Text] UKASE No. 244 ON CREATION OF A COMMITTEE ON INFORMATICS IN THE COUNCIL OF MINISTERS

The State Council of the Bulgarian People's Republic, on the basis of article 93, section 16, of the Constitution of the Bulgarian People's Republic, hereby issues the following Ukase No. 244 on the Creation of a Committee on Informatics in the Council of Ministers.

Article 1. It creates a Committee on Informatics in the Council of Ministers without the status of a ministry. The present Central Statistical Administration shall become the Committee on Informatics.

Article 2. It entrusts the Council of Ministers with determining the tasks and functions of the Committee on Informatics.

The chairman of the Council of Ministers shall be entrusted with the implementation of the ukase.

UKASE No. 245

The State Council of the Bulgarian People's Republic, on the basis of article 93, section 16, of the Constitution of the Bulgarian People's Republic, hereby decrees, as follows:

It appoints Rashko Dimitrov Angelinov chairman of the Committee on Informatics in the Council of Ministers.

The chairman of the Council of Ministers shall be entrusted with the implementation of the ukase.

UKASE No. 245

The State Council of the Bulgarian People's Republic, on the basis of article 93, section 7, of the Constitution of the Bulgarian People's Republic, hereby decrees as follows:

It relieves Ivan Angelov Tonev of the position of first deputy minister of agriculture and forests.

It relieves Lazar Nikolov Pandev of the position of deputy minister of agriculture and forests.

The chairman of the Council on Agriculture and Forestry in the Council of Ministers. shall be entrusted with the implementation of the ukase.

6474

CSO: 2200/53

WEAKNESSES IN INTERNAL AFFAIRS MINISTRY WORK OUTLINED

Sofia NARODEN STRAZH in Bulgarian 4 Feb 87 pp 1, 2

[Article by Maj Petur Vitanov: "Twenty-Seventh Report-and-Election Conference of MVR [Ministry of Internal Affairs] Rayon Trade-Union Organization and Its Contribution to Performance of Vital Tasks"]

[Text] On 30 January 1987 the 27th Report-and-Election Conference of the MVR rayon trade-union organization was held. Participants in its proceedings were the first deputy minister of internal affairs, Lt Gen Angel Karlov; the first secretary of the MVR BCP RK [Rayon Committee], Maj Gen Nikola Lalchev; representatives of the Central Council and the City Council of Bulgarian Trade Unions in the capital; responsible officials, party and Konsomol leaders from central units of the ministry; delegates and guests.

The report delivered by the chairwoman of the MVR Rayon BPS [Bulgarian Trade Unions] Council, Lilyana Milina, and the statements of the delegates gave a thoroughgoing balance sheet of the results achieved, as well as the unsolved problems and weaknesses in trade-union activity. It was emphasized that during the 2-year period under review the work of the trade-union organization proceeded in the spirit of preparations for, and the holding of the 13th BCP Congress and that efforts were directed towards mobilizing the trade-union members to execute its decisions, the decisions of the Ninth BPS Congress, and MVR directives.

Main attention was given to the mastery and adoption of scientific and technical achievements and advanced experience. On this basis, socialist competition has been improved. Priority has been given to such yardsticks as the introduction of new technologies, the increase of labor productivity, cutback of materials expenditures, efficient use and care of vehicles and equipment, improvement of maintenance standards, observance of security, etc. Worth noting in this regard are the methods and initiatives launched for workforces with exemplary organization of labor, competitions in occupational specialties, exchange of favorable experience.

A considerable portion of the report and the discussions was allotted to problems of discipline as a decisive factor in accelerated performance of official and production tasks. Although the number of disciplinary infractions

declined during the period under review, there is no occasion for complacency. An alarm was given that liberalism, mismanagement, substandard output and other negative features still exist, while violations of labor discipline are not brought up for public discussion.

Ideological and educational work registered a step forward. It increasingly displayed an effective and aggressive character in mass-political and cultural and educational events in the trade-union collectives. Esthetic education, amateur art activities and lecture propaganda had a definite place. Good results were achieved in the mastery of Marxist-Leninist theory and its relation to the practical activity in the units. Analysis of the ideological work also necessitated some adverse conclusions and evaluations. It has not always been successful and effective in uncovering latent reserves for high labor quality, in heightening conscientiousness and creative activity. Individual political work did not measure up to increased requirements.

The rayon council and the organizations in the units faced the task of continually improving intraorganizational life and of raising the role and prestige of the smallest teams--the trade-union groups.

Favorable changes have taken place in the holding of meetings and production conferences. An indicator of this is the increased number of suggestions regarding the questions under discussion. The meetings held to elect brigade leaders and brigade councils were evidence of political maturity; they proceeded with a great deal of worker activity. Moreover, the brigade organization of labor has by now proved its advantages.

Despite the progress made, a number of trade-union organizations and workforces made substantial mistakes and blunders. The organizational work of the rayon council and of some trade-union committees was not sufficiently effective; the main problems were not always brought to the fore. The question of keeping the workforces informed, of studying public opinion and suggestions was often underestimated. These facts make imperative serious changes in the approaches and a decisive rise in the training and in the organizational ability of trade-union activists at all levels.

Maj Gen Nikola Lalchev's speech was received with great interest. On behalf of the leaders of the MVR and the BCP rayon committee he greeted the delegates, and through them the numerous trade-union contingent within the m. that has an honored share in the accomplishment of the tasks stemming from the decisions of the 13th BCP Congress. "We cannot imagine the work of our units without the dedicated help of the trade-union members," Comrade Lalchev declared. "Their participation can be felt in all areas of our activity."

There has been a heightening of the sense of responsibility for the solution of such questions as the mastery of scientific and technical achievements, improvement of administrative services, labor safety procedures, etc. Progress has been made in ideological activity and in organizational strengthening of trade-union collectives.

While favorably evaluating what has been done, Comrade Lalchev declared that at the present stage we must not be satisfied with what has been achieved. In the light of the latest party theses, expressed in the decisions of the December (1986) Plenum of the BCP Central Committee, we must seek new, still higher dimensions of trade-union work. We still are not accomplishing at the necessary pace a restructuring of our thinking; we are often slaves of petty-mindedness, formalism and cliché. The rayon council and trade-union organizations must consider discipline the central problem in the units. As for key personnel, we must make greater exactions and show greater concern. What is needed is not general phrases, not window-dressing in trade-union life, but patient, workaday and dedicated work, creativity and initiative in order to perform our official duties and trade-union programs. Only thus will we be able to measure up to the party's cry for qualitatively new growth in all spheres of our life.

"The task now," Comrade Lalchev stressed, "is to carry over this atmosphere of frankness and businesslike methods that characterizes today's forum, into the workforces, into every workplace, in order worthily to greet the 10th BPS Congress."

Finally, new leaders of the rayon trade-union organization and delegates to the BPS city conference were elected. Comrade Lilyana Milina was reelected chairman of the Rayon Council.

6474

CSO: 2200/53

U.S. CONGRESSMEN PAYING VISIT TO PRAGUE

AU181521 Bratislava PRAVDA in Slovak 17 Feb 87 p 2

[CTK report in the "International Relations" column]

[Text] U.S. Congressmen in CSSR--Bohuslav Kucera, deputy chairman of the CSSR Federal Assembly, received in Prague yesterday [16 February] a group of U.S. congressmen, who paid [as published] a visit to the CSSR. During the talk they exchanged, in particular, views on issues of security and co-operation in Europe and the role of parliaments in the current international situation. The reception was attended by Vaclav Stasek, deputy chairman of the Chamber of Nations and chairman of its foreign committee.

The group of U.S. congressmen, headed by Steny Hamilton Hoyer, deputy of the House of Representatives and co-chairman of the congressional Commission for Security and Cooperation in Europe [title as published], was also received yesterday by Jaromir Johanes, CSSR deputy minister of foreign affairs. In the course of a talk, they assessed the current state and the prospects of the development of Czechoslovak-American relations and topical problems of the present day international situation, above all issues connected with the strengthening of security and development of peaceful cooperation in Europe. The reception was attended by Carl W. Schmidt, U.S. charge d'affaires ad interim in the CSSR.

/77358

CSO: 2400/172

VACLAVIK, SOKOLOV FINAL TALKS IN TATRANSKA LOMNICA

AU191309 Prague RUDE PRAVO in Czech 14 Feb 87 p 1

[CTK report: "Contribution To the Fraternal Armies' Alliance: Final Talks of CSSR and USSR Defense Ministers"]

[Text] Poprad (CTK)--Final talks were held by Army General Milan VACLAVIK, CSSR minister of national defense, and Marshal Sergey SOKOLOV, USSR minister of defense, in Tatranska Lomnica on Friday [14 February] morning. The talks were also attended by other leading representatives of the Czechoslovak People's Army [CSLA] and the Soviet Army.

Colonel General Nikolay Zotov, senior representative of the commander-in-chief of the Joint Armed Forces of the Warsaw Pact Member-States, attended the discussions.

The highest representatives of the two Warsaw Pact fraternal armies exchanged views on issues concerning the further development and strengthening of the bond of friendship and cooperation between members of the CSLA and the Soviet Army. They stressed that the consistent fulfillment of the conclusions of the 17th CPCZ and the 27th CPSU Congresses aimed at accelerating the socio-economic progress is and will be influenced by the development of the international situation, which is extremely complicated and dangerous--through the fault of the most reactionary imperialist forces. From this arises the demand to increase the defense capability of our countries and the entire socialist community.

The final talks underscored the contribution of Comrade Sergey Sokolov's official friendly visit in the CSSR to the exchange of experience and the further expansion and strengthening of the ties of friendship and alliance between the nations and the armies of the CSSR and the USSR.

/7358

CSO: 2400/172

PRESS REPORTS OF INDRA ACTIVITIES IN HUNGARY

AM121059 [Editorial Report] Bratislava PRAVDA in Slovak on 3 and 4 February reports on the activities and talks conducted by Alois Indra, CPCZ Central Committee Presidium member and chairman of the CSSR's Federal Assembly, in Hungary.

The issue of 3 Feb carries on p 1 a 600-word report datelined "Budapest/Gejza Vilcek, CTK", entitled "Significance of Cooperation Between Parliaments; CSSR Federal Assembly Delegation Visits the Hungarian People's Republic." After noting that Indra and his delegation were welcomed on arrival in Budapest by Istvan Sarlos, MSZMP Central Committee Politburo member and chairman of Hungary's National Assembly, by the CSSR ambassador to Hungary, and other unspecified figures, the report states that talks started on 2 February between the two delegations, led by Indra and Sarlos respectively. It adds: "The two representatives expressed full support for the significant and far-reaching peace proposals of the Soviet Union and of other countries of the socialist community, which are aimed at liquidating the weapons of mass destruction by the end of the millenium, at preserving world peace, and at strengthening international security."

"They briefed each other on the current events in both countries and on their working people's efforts in fulfilling the line of the 17th CPCZ Congress and the Eighth MSZMP Congress. They devoted extraordinary attention to economic issues, particularly the acceleration of socioeconomic development on the basis of scientific-technical progress and the enhancement of efficiency and quality of production. They pointed out the imperative need to search for forms and methods of planning and management which would make it possible to make use of all the advantages of socialism. They underscored the great significance of the socialist countries' mutual cooperation and above all of the new forms of collaboration, inter alia by setting up joint enterprises."

"Alois Indra and Istvan Sarlos expressed appreciation for the high standards of Czechoslovak-Hungarian relations and cooperation in all spheres of life on the basis of Marxism-Leninism and socialist internationalism. They stressed that the regular meetings of top CPCZ and MSZMP representatives, Gustav Husak and Janos Kadar, which always yield new incentives for developing bilateral contacts between the two fraternal parties and countries and their people, play an essential role. In this context they stressed the significance of the program of long-term economic and scientific-technical cooperation

between the CSSR and the Hungarian People's Republic, signed during the visit by Gustav Husak, CPCZ Central Committee general secretary and CSSR president, to Hungary in October 1986.

"The heads of parliamentary delegations also pointed out the important role of the two countries' top representative and legislative bodies in developing mutual relations. They appraised their successful cooperation to date and spoke in favor of further deepening these relations. During the negotiations the delegation members exchanged the experience they had gained in specific activities of the CSSR's Federal Assembly and the National Assembly of the Hungarian People's Republic, particularly in the legislative sphere."

The report concludes by noting the invitation extended to Sarlos to visit the CSSR; and the dinner given in honor of the CSSR delegation.

The issue of 4 February carries on p 1 a 450-word dispatch, datelined "Budapest/G. Vilcek" and entitled "In a Plant With Great Traditions," which the plant's director general is said to have expressed interest in deepening cooperation between CSSR partners and the plant, which has branches, or is co-owner of facilities, in 16 countries, the dispatch goes on to say. "In talking to the plant's executives Comrade Alois Indra expressed interest in the kind of changes that have taken place in management since the beginning of the economic reform; in the way the working people participation in management is being ensured in the way profits are handled; and in the way the state agencies influence the plant's economy." The dispatch then reports the results achieved by the plant, and the delegation's subsequent visit to the PAR-IR works, which produces lighting appliances. The dispatch concludes by reporting that the CSSR ambassador gave a reception in honor of the delegation, "which was also attended by the Hungarian hosts."

/7358

CSO: 2400/172

FOJTÍK SPEAKS ON SOCIOECONOMIC DEVELOPMENT TASKS

LD122341 Prague Domestic Service in Czech 2030 GMT 12 Feb 87

[Text] Jan Fojtik, candidate member of the Presidium and secretary of the CPCZ Central Committee, spoke today at a district working meeting in Chomutov on topical issues of party policy in implementing the conclusions of its 17th congress. He highlighted the importance of the adopted strategy of speeding up the socioeconomic development of our society, stressing that the shift from extensive to intensive development of the national economy has to be based on a substantial increase in labor productivity and quality, on consistent implementation of the results of scientific and technical progress, and on fundamental changes in people's economic thinking. He went on to point out that the extensive restructuring of the economic mechanism called for a further strengthening of the leading role of the CPCZ, and broadly based information about--and openness of--its policy was connected with this. In this context Comrade Jan Fojtik stressed the role and responsibility of the media and the whole ideological front.

/7358

CSO: 2400/172

CPCZ'S HOFFMANN ADDRESSES TO CONGRESS

LD140020 Prague Domestic Service in Czech 1730 GMT 13 Feb 87

[Text] The Czech congress of the Revolutionary Trade Union Movement in Prague was addressed today by Comrade Karel Hoffmann, head of the delegation of the Central Council of Trade Unions and the council's chairman. We now present the part of his speech dealing with the initiative of the working people, and particularly of the socialist labor brigades. This is what Comrade Hoffmann had to say in this context:

[Begin Hoffmann recording] Their slow reaction to the initiative of the Central Council of Trade Unions is worrying, and deserves a thorough analysis at all levels of management, and especially in the plants themselves. Two circumstances and questions, in particular, deserve attention: First, whether the low participation of the socialist labor brigade movement in putting into effect the initiative of the Central Council of Trade Unions is not also evidence of the extent to which formalism, superficiality, and pretence have been done away with and an expression of the fact that genuine competition and the effort to achieve a marked difference in the standard and results of work of socialist labor brigades compared with other work collectives are fading away; and second, whether the time has clearly arrived to reorientate the socialist labor brigade movement. This movement of work collectives came into being and played an immensely creditable role in the period of extensive development; and this was reflected in the weighting of the pledges of different collectives primarily in favor of quantitative indicators. Latest experience, however, shows that this orientation still persists today, when it is vital to promote intensive factors of development, to increase the rate of growth of labor productivity and the quality of production, and to raise efficiency, when it is necessary to valorize better all production inputs. That is why such a large number of the brigades are finding it so difficult to take up the initiative of the Central Council of Trade Unions. This is not intended to be a criticism of the socialist labor brigade movement; it is, primarily, criticism and self-criticism of those who have borne and continue to bear the main responsibility for the development and direction of this necessary mass movement, whose potential is still far from exhausted. On the contrary, it is quite clear that in the new conditions this movement will see a new upsurge and qualitative growth.

Channelling the work content, but not only the work content, of the activity of the socialist labor brigades into intensification, acceleration, and

restructuring is a categorical requirement today. Apart from certain justified exceptions, the pledges of the socialist labor brigades must be weighted toward qualitative indicators, and that is why the 16th plenary session of the Central Council of Trade Unions. This is exactly what is needed most in the current more rapid utilization of science and technology for the further development of our country and growth in national income and the living standards of the people. That is why we are guiding the relevant trade union bodies and socialist labor brigade collectives to an understanding of the demands, so that the award and defense of this title is linked directly with fulfillment of the challenging tasks contained in the initiative of the Central Council of Trade Unions.

At the same time we should reinvigorate and develop genuine competition on a broad scale, both between brigades and within individual collectives. A strong stimulus, indeed a direct challenge in this respect, is the forthcoming 11th all-trade union congress and, in particular, the 70th Great October Socialist Revolution anniversary and the 40th anniversary of Victorious February [1948]. This presumes, of course, that we also ensure that socialist labor brigades and the other work collectives realize what we are trying to achieve, that they are given accurate and specific information about both the planned tasks for their workplaces and for each individual, and about the direction, possibilities, and economic importance of their work initiative, pledges, and competition.

Of course, unless we obtain equally active and interested participation by the management sphere, we cannot expect any substantial results. Enterprises throughout the Czech Socialist Republic, and especially in the industrialized centers, which have a tradition of providing valuable stimulus for the development of socialist competition, such as Prague, Ostrava, Brno, Most, and so on, should set the pace now by implementing in an exemplary way the resolutions of the 16th plenary session of the Central Council of Trade Unions and of its presidium concerning the participation of socialist labor brigades in putting into effect the initiative of the Central Council of Trade Unions.

Although we are in a position to present the 11th All-Trade Union Congress with a full and varied record of attention to the needs of the working people--and the report of the Czech Trade Union Council is convincing in this respect--it is our duty concentrate on the existing shortcomings and to deal with them. Here I have in mind, above all, two questions, two sets of problems. First, the set of most urgent issues in the social sphere, which were stressed at the 17th CPCZ Congress, such as adjustment to the lowest incomes and provision for the elderly, in general; the living conditions of young families with children; and housing construction. And the solution of these issues is, of course, conditional on our attaining the planned growth in national income. Second, provision for working women, attention to their working conditions, to the wage and social-income-related problem, to changes in the trend of overtime and Saturday working by women, the trend in their incidence of sickness, and so forth. In this sphere, too, greater discipline and consistency must be achieved both by trade unions and economic functionaries.

In view of the fact that further serious shortcomings are also evident in the work of a number of bodies and functionaries in developing care for the working people and in defending their interests and rights, it is not enough merely to urge them to implement the resolutions of the All-Trade Congress, the Central Council of Trade Unions, and other bodies; we evidently have to force them to re-read the statutes, to keep them at hand and fresh in their minds. All of us should remember that the statutes of the Revolutionary Trade Movement, Article 4, Paragraph one, give members the right, and I quote, to take their grievances and complaints to any trade union body and demand that the relevant trade union body defend and support their rights, and negotiate redress in cases where economic management infringes on the provisions of their work contract, of the Labour Code, of the collective's agreement, or of any agreement, convention or other valid regulation in matters of work, remuneration, health and safety at work, working conditions, sickness insurance, or cultural and social provision; and to demand that the relevant trade union bodies apply the benefits provided by the Revolutionary Trade Union Movement for its members. End of quote from the statutes.

At the same time, of course, we have a duty to propose much more promptly and rather more insistently at negotiations with our partner state and economic bodies anything that concerns the working people and on which they have justified grievance. [end recording]

/7358

CSO: 2400/172

POLISH-SOVIET YOUTH FRIENDSHIP APPEAL

Warsaw RZECZPOSPOLITA in Polish 18 Nov 86 p 3

[Article by PAP: "Friendship Days of Polish and Soviet Youth"]

[Text] "We appeal to our contemporaries to contribute their strength, knowledge, and creative enthusiasm to the struggle for peace and friendship among young people throughout the world"--these are the words of the appeal made by members of TPPR (Polish-Soviet Friendship Society) clubs during a formal concert on 17 November in the hall of the Klub movie theater in Warsaw. It inaugurated the Youth Friendship Days organized by the TPPR Capital Administration under the slogan "Warsaw youth welcomes Moscow youth."

The friendship days are an opportunity for Warsaw youth to become more familiar with the life of their contemporaries in the Soviet Union, and with their interests, plans, and achievements. This purpose is being served, among other things, by the presentation of Soviet films about youth-related topics that began on 17 November at the Youth Palace. It will be an inspiration for the participants in numerous artistic competitions. Also in progress is a competition of school libraries, which have prepared exhibits on Russian and Soviet literature.

For 5 days, the young people will take part in seminars devoted to the live, work, and prospects of the younger generation in the Soviet Union. At several schools, there will also be concerts performed by artists from Warsaw theaters. The programs include the poetry and prose of Russian and Soviet writers.

The youth days will end with a rally of TPPR school clubs.

9909

CSO: 2600/291

CZYREK SIGNS PARTY PROTOCOL IN ADEN

EA081515 Aden Domestic Service in Arabic 1630 GMT 7 Feb 87

[Text] The second round of talks was held yesterday morning between the YSP delegation led by Brother Muhammad Sa'id 'Abdallah Muhsin, member of the YSP Central Committee and secretary of the Central Committee, and the PZPR delegation led by Comrade Czyrek, member of the Politburo and secretary of the PSPR Central Committee. The talks were held in a warm comradely atmosphere during which viewpoints were exchanged on bilateral relations and methods of developing and strengthening them, besides international and regional issues of common interest.

During the talks the Polish side expressed its appreciation of our country's and party's solidarity with the Polish people. The Polish side reviewed the current situation in Poland and the measures taken by the Polish party and government to confront the crisis experienced by Poland in the past. The Polish side expressed Poland's support for the measures and steps taken by the YSP in confronting the effects of the 13 January bloody conspiracy. For his part Brother Muhsin expressed our country's support and backing as well as that of our party for the measures taken to face up to the situation in the past experienced by friendly people's Poland.

At the end of the talks, a protocol for party cooperation for the next 2 years was signed. It was signed on behalf of Yemen by Brother Muhammad Sh'id 'Abdallah Muhsin and on behalf of the Polish side by Comrade Czyrek.

Brother Muhsin also met Comrade Baryla, member of the Politburo and secretary of the PZPR. The two exchanged views on relations between the two friendly countries and parties.

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CSO: 4504/147

YSP-PZPR JOINT COMMUNIQUE ISSUED

EA121456 Aden ANA in Arabic 1645 GMT 11 Feb 87

[Text] Aden, 11 February (ANA)—The YSP and the PZPR have expressed their pleasure at the development of bilateral relations and the work for a consequent expansion of these relations. This was mentioned in the communique issued on the results of the visit paid by a delegation of the YSP Central Committee to the Polish People's Republic.

The communique said: At the invitation of the PZPR Central Committee, a delegation of the YSP Central Committee paid a visit to Poland. It was headed by Comrade Muhammad Sa'id 'Abdullah Muhsin, member of the Political Bureau and secretary of the Central Committee. The delegation held talks with two members of the Politburo: Jozef Czyrek and Jozef Baryla and with the chairman of the Central Committees' Foreign Relations Department. During these talks, information was exchanged on issues [word indistinct] for the two parties' activities and also issues pertaining to the development of relations between the two parties.

Opinions were also exchanged on international issues, with particular reference to the situation in the Middle East. Both sides stressed that the state of tension prevailing in this area constitutes (?a threat) to world peace and security. The reason for this tension is the continued Israeli occupation of Arab territories with evident support from the United States and the rejection of the national and legitimate rights of the Palestinian people. Both sides stressed that a just and comprehensive solution to the Middle East dispute can be achieved through negotiations in the framework of an international conference under UN auspices with the participation of all parties concerned, including the PLO in its capacity as the sole, legitimate representative of the Palestinian people.

During the talks, threats arising from [words indistinct] were pointed out and complete support was stressed for the initiatives of the USSR and other socialist countries. The two sides emphasized the need for activating efforts aimed at strengthening international peace and security. The two sides confirmed their pleasure at the development of relations between the PZPR and the YSP. They stressed the need for work for a consequent expansion of these relations toward this goal. An agreement on cooperation between the two parties for 1987 [numbers indistinct] was signed. Both parties expressed their satisfaction that the implementation of these agreements [as received] will serve the consequent development of relations of friendship between Poland and the PDRY.

GERMAN 'ETHNIC MINORITY' ISSUE DISCUSSED

Warsaw RZECZPOSPOLITA in Polish 25-26 Oct 86 p 2

[Text] The all-Polish conference of chairmen and secretaries of voivodship branch authorities of "Wisla-Odra" association closed on 24 October at Jachranka near Warsaw. Participants unanimously denounced all signs of revisionism, and rejected the provocative thesis of the alleged existence of "a million strong German minority in Poland."

As stressed by Edmund Meclowski, "Wisla-Odra" chairman, it was among the association's principal aims to expose such trends while underlining the importance of the new, postwar orientation, and of the role played by our alliances. Such tasks were finding their expression in the efforts aimed at further, full political, economic and national integration of Poles living in Vistula and Odra basins, and in bringing closer the history of the national struggle in the lands under Prussian occupation.

It will deserve the association's particular care and attention to shape up the historical, political and state awareness of the young generation, to whose eyes even World War II and the post-war years already belonged to history, not invariably well-known. Hence, it is our aim and mission to show the young the reasons behind September 1939 defeat, the tragedy of the years under occupation as well as the tremendous achievements in the reconstruction and re-Polonization of the recovered territories.

This accounts for our initiatives such as the foundation of Zamosc Academy, where lecturers are being trained by the association, and of the so-called 'Piastr' popular universities, now being opened throughout the country.

In the nearest future, the schedule council is to adopt a program of the association's cooperation with the world of science. On 17-18 November, closing the commemorations of the 100th anniversary of GAZETA OLSZTYNSKA, we intend to organize in Olsztyn the 'press-political forum,' meant to present and to discuss problems dealt with by our association.

Following the inaugural seminar held in September, there will be a second one in Zamosc for teachers of, and lecturers on, history and social sciences. On the agenda: Poland's German problems.

5174/9604

CSO: 2600/169

SEJM NATIONAL DEFENSE COMMISSION MEET

Warsaw ZYCIE WARSZAWY in Polish 18-17 Oct No 2

[Text] On 17 October 1986, the Sejm national defense commission held its session in Opole.

Sejm representatives attended the meeting of the Opole Voivodship defense committee, during which Eugeniusz Mroz, first secretary of the voivodship party committee, evaluated the voivodship socio-political situation, and the main directions of political-defense activities. Problems in connection with the voivodship defense preparations as well as the implementation of principal plans in this field were discussed by Kazimierz Dzierzan, voivodship governor, chairman of the voivodship defense committee.

Sejm commission members have been acquainted with several aspects of the voivodship defense system. They voiced their appreciation of the work done by the voivodship socio-political activists, substantially contributing to the patriotic-defense initiation of the local population, and of youth in particular.

The representatives laid flowers at Saint Anne Mountain insurgents' memorial in tribute to the heroes of the fighting for Polish Silesia.

The commission activities were presided over by Sejm Representative Henryk Jablonski, its chairman. The session was attended by General Antoni Jasinski, vice minister of national defense, deputy minister for general affairs.

5174/9604

CSO: 2600/169

PZPR PERSONNEL CHIEF ON CADRE QUALIFICATIONS

Gdansk GLOS WYBRZEZA in Polish 18 Nov 86 p 3

[Interview with Wladyslaw Honkisz, director of the PZPR Central Committee Department of Cadre Policy by Tomasz Persidok; date and place not given]

[Question] Comrade director, during the report-back campaign at the voivodship level much attention was devoted to the party's cadre policy. As is known, the principles of this policy were formulated by the 10th Congress. Thus the discussions at the conferences concerned not the general principles but rather methods to implement fully the established assumptions, that is, a rational and active management of cadres. But the voivodship conferences in themselves provided a practical example of this management via their elections of PZPR voivodship committee leadership cadres. As a result of these conferences, what is your general opinion concerning the cadre changes?

[Answer] The election of first secretaries and secretaries in all 49 voivodships were democratic in nature and in accordance with the election ordinance and democratic centralism. They were held in accordance with the new regulations instituted by the 10th Congress, including extensive consultation among candidates and voters and their endorsements. The results fully demonstrate the political maturity of the aktiv, who treated seriously the election of echelons at the voivodship level. There were no instances--as happened at times in the past--of unhealthy emotions and controversies concerning proposed candidates. The atmosphere surrounding the elections was serious. The priority of the overall party and social goals and interests were fully understood.

In accord with the general principle of equal opportunity, the best of the best were selected to the leadership.

The election results for voivodship committee secretaries confirm that the party's 10th Congress recommendations concerning the selection of cadres for leadership positions in the PZPR were implemented in accordance with the letter and spirit of the "Main Assumptions for PZPR Policy."

[Question] These assumptions concern, among other things, the high qualifications expected of party cadres. Do the PZPR voivodship leadership cadres fully satisfy these assumptions today?

[Answer] Completely. The program adopted by the 18th Congress confirms that the party needs a competent and ideological apparatus. This postulate is being implemented consistently. Comrades have been selected for party leadership positions at the voivodship level who are distinguished for their sociopolitical experience, ideological-moral attitudes and solid overall knowledge. Within the frameworks of the accomplished changes, there has been an advantageous flow of cadres among the party apparatus and state and economic administration cells. Many voivodship committee secretaries have been elected who heretofore have functioned as voivodes, school district superintendents and directors of large enterprises.

With regard to the voivodship cadres that emerged during the course of the report-back campaign, it is no exaggeration that one can expect without hesitation a higher level of performances, especially with respect to the need to implement more quickly the resolutions of the 18th Congress.

[Question] The party's open information policy, which today is the rule and a fact, requires more specific questions and answers. To what extent are today's voivodship secretaries new people in these positions?

[Answer] The current report-back campaign confirms the desired trend to stabilize voivodship committee first secretary cadres. About one-third (32 percent) of departmental secretaries are new people. Eighty comrades have been elected for a second term, and 59 comrades have been elected for a third term.

[Question] What are the political qualifications of the voivodship leadership cadres? What professional training do they have?

[Answer] Their qualifications satisfy completely the high requirements of the party's cadre policy. All secretaries completed higher training (pardon me, four secretaries will complete their studies this year). Two comrade secretaries are professors, six are assistant professors and 25 have doctorates. Among departmental secretaries, we have, among others, 46 agricultural engineers, 16 economists, 35 engineers of various specialties, 21 political scientists and 16 pedagogue. Ninety percent of the comrades have completed their studies and long-term courses at KPSR and KZSK party schools. Their experience in party activity is also important. Almost 90 percent of all the voivodship secretaries have 15 years of party experience. Five comrades have over 35 years experience in party activity.

[Question] What age categories do the voivodship cadres encompass?

[Answer] The trend is toward younger cadres. Only 8 comrade secretaries are more than 56 years old compared to 17 in the previous term. Over 80 percent of the newly elected voivodship committee secretaries are in the 30-50 age bracket. Comrades in the 41-45 bracket predominate (one-third of the total). Over 21 percent of all the secretaries are 40 or less years old. Thus, it can be said that the voivodship cadres are younger and better trained.

[Question] Are any of the secretaries women?

[Answer] Yes. Unfortunately, too few. There are only three female departmental secretaries: in Skierniowiec, Walbrzych and Gdansk. In this area we are implementing the recommendations of the 10th Congress.

[Question] What state and public functions will the voivodship committee secretaries perform?

[Answer] Concerning first secretaries, 22 are Central Committee members, 7 are Politburo candidate members, 17 are Central Control and Review Commission members and 15 are Sejm deputies.

[Question] The report-back campaign is now being conducted at the lower levels. It is extremely important that the experiences gained at the voivodship level be applied properly during the rest of the campaign. Thus my final question: What proposals are being submitted at the voivodship conferences concerning cadre policy?

[Answer] I think that above all there is a need to continue to stabilize the party cadres. Elections of the primary echelon leaderships cadres should continue in this spirit. The concern here, among other things, is that during the ongoing report-back campaign at the level of the primary echelons, which encompass three-quarters of the political cadres, it should be emphasized that there can be only a good comrade and not a bad leader and vice versa. In addition, now that we are entering the second stage of implementing the economic reform, its active implementation is very important to our party. This is linked to cadre policy. In the context of the city, district, gmina, school and workplace, this policy cannot be a sham game.

In the context of the tasks laid out by the 10th Congress, the structures and qualifications for party positions must be reviewed with meticulous care. The cadres, their attitudes and work results in their occupied positions must be evaluated honestly. Such evaluations should be the basis for planning the rotation and flow of cadres, especially since we have many cadres and it is difficult to find good ones.

The expanding scale and complexity of the problems we are tackling in accordance with the resolutions of the 10th Congress require great effort in the area of improving the professional and political qualifications of party cadres. This improvement, whose framework was established in the "Main Assumptions of PZPR Cadre Policy" and the May 6, 1986 resolution of the Central Committee Politburo, should be treated with complete seriousness and responsibility. The PZPR Academy of Social Sciences as well as the intervoivodship and voivodship party schools have an important role to play here. Also, we should take full advantage of the opportunities created in this regard by our Soviet comrades who are offering to share their experiences and practices in their own schools. Finally, and here we are going somewhat beyond the organizational framework, we must increase pressure to strengthen the continuing ideological-upbringing work of the party's echelons and organizations among the management cadres, especially among the directors of enterprises and institutions.

The high qualification levels I mentioned are obligatory for all party cadres and all those responsible for implementing the PZPR policy formulated by the 10th Congress.

[Interviewer] Thank you for the interview.

WROCLAW PZPR COMMITTEE CRITICAL OF MEDIA FOCUS

Warsaw TRYBUNA LUDU in Polish 24 Nov 86 p 2

[Article: "Wroclaw Voivodship Committee Addresses the Mass Media; Take a Closer Look at Negative Phenomena"]

[Text] The Secretariat of the Wroclaw PZPR Voivodship Committee sent a letter to Wroclaw's journalists that calls for more critical and serious coverage by the press, radio and TV of day-to-day events.

"The vital and specific problems of the voivodship's residents, which are the concern of party organizations, representative organs and social organs, cannot be supplanted in the press and on radio and TV by formal reports and general communiques. On the contrary, the mass media should encourage criticism, genuine debates and honest exchanges of viewpoints. Daily, each one of us encounters mismanagement, poor organization, lack of discipline, laziness, arrogance and lack of concern about common problems. We must combat these phenomena more effectively than heretofore."

"We expect you to create a climate of social approval of people implementing these tasks in an innovative, serious and responsible manner. We also expect you to present openly and truthfully for public evaluation the specific problems, actions and persons that are inhibiting the rapid and effective achievement of designated goals."

"We know that in reality individual facts and reasons rarely appear in a clear and unambiguous way. The truth in all disputes does not always lie exclusively on one side of the factory gate, clerk's window or store counter or in the director's office. Much insight and objectivism are needed to eliminate confusing adherence to principles with demagoguery, and public interest with special interest of the interest of the few. In examining the dilemmas associated with the above, you should seek more earnestly than before the opinions of your readers, radio listeners and TV viewers."

I asked Stanislaw Pelczar, secretary of the Wroclaw PZPR Voivodship Committee, how the initiative to send this letter originated. He said party members attending report-back conferences, party activists at numerous meetings and discussions, members of social organizations and working people are broaching real problems that must be resolved. We must combat indolence and hopelessness and the apparent impossibility of dealing with them via courageous reporting. Public evaluation and control to force effective action are needed.

BYDGOSZCZ DEFENSE COMMITTEE ON MILITARY RECRUITS, COMMUNICATION TASKS

Bydgoszcz GAZETA POMORSKA in Polish 18 Dec 86 p 1

[Article: "Voivodship Defense Committee Evaluates Communication in Bydgoszcz Voivodship; In Comparison With the Nation, All is Well"]

[Text] The WKO [Voivod Defense Committee] convened yesterday at the Bydgoszcz Voivodship Office. The meeting was chaired by Stanislaw Rubczak, Bydgoszcz voivode. The WKO members approved the voivodship coordinating committee's schedule of activities to recruit candidates for professional military schools, and approved the 1987 guidelines for defense activities.

The main subject of the meeting, presented by Zdzislaw Malik, director of the Voivodship Telecommunications Office, was the implementation of the communications tasks for Bydgoszcz voivodship. In comparison with the nation as a whole, Bydgoszcz Voivodship ranks quite well in communications. Nationwide there are 4.29 telephone subscribers per 1000 residents; in Bydgoszcz Voivodship the ratio is 11.23. The national average for rural areas is 1.13; for Bydgoszcz's rural areas it is 2.33. The best ratio is claimed by the city of Bydgoszcz--14.27, placing it in fourth place nationally.

According to the assumptions of the 5-year plan, the largest investments are scheduled for 1988-1989. In 1990, 40,000 additional telephones will be installed, including 20,000 in Bydgoszcz alone. In Bydgoszcz, the number of telephones per 1000 residents will increase from 14.27 to 20. It is a fact that Bydgoszcz Voivodship has been a leader in investments in this area for many years. Sites for telephone exchanges are now in place in 11 gminas. Nine gminas are in the process of implementing these investments, and seven gminas are ready to cooperate in the construction. However, problems exist in obtaining modern equipment and supplies of cables produced by Ozarow and Krakow (which is especially disturbing to the public).

WKO members discussed the problems of reliable telephone connections, telephone operations and costs. The director of the Voivodship Telecommunications Office was thanked for the telecommunications service and for realizing his tasks properly.

11899

CSO:2600/307

CIVIL CODE REFORM COMMISSION MEETING

Warsaw RZECZPOSPOLITA in Polish 21 Nov 86 p 10

[Article by Ol.: "Civil Code Reform: First Meeting of Codification Commission Chaired by [Prof Jerzy Jodlowski]"]

[Text] (Own information). The commission on reforming the civil code met for the first time on 20 November. We note that it was established in September 1986 by the president of the Council of Ministers. Its chairman was Prof Jerzy Jodlowski of the University of Warsaw.

Opening the inaugural meeting of the commission, Minister of Justice Lech Domeracki described the main aims of the work on reforming the civil code. The most important of them are the functioning and implementation of the principle of the uniformity of the civil code, the adaptation of the code to the assumptions of the economic reform, and the regulation of large economic turnover. Among the detailed proposals for changes, the commission considered the following to be the most urgent: consumer protection, the need for a rapid response by the law to economic difficulties, and the provision of more effective protection for personal property. These requirements affected substantive civil law, while legal procedure was affected by the problems associated with the economic judiciary, with increasing the role of the principle of allowing each side to present its case, and with increasing the effectiveness of executive proceedings. Attention was also called to legal protection of the vital interests of citizens. Consequently, the codification work will consist mainly of adapting regulations that no longer meet the requirements of current socioeconomic policy, and of providing suitable protection for public and private property.

Also emphasized was the necessity of extending family and guardianship law, as well as copyright law, since these are areas in which the solutions need to be brought up to date.

The requirements presented will be analyzed in detail at the meetings of the two groups that have been formed--one on civil procedural law, which will be chaired by Prof Jerzy Jodlowski, and one on civil substantive law, which will operate under the chairmanship of Prof Zolgniew Radwanski.

9989

CSO: 2600/291

ENERGY WORKER UNIONISTS CONCLUDE KATOWICE TALKS

Warsaw TRYBUNA LUDU in Polish 23 Oct 86 p 2

[Text] The expansion of trade union ranks, preparing for the negotiations concerning the new collective contract following the enactment of the relevant general act, and better social welfare care and higher safety of energy services throughout Poland were by energy worker unionists considered principal second term tasks. The report-and-election assembly of the federation of energy workers' plant committees closed in Katowice on 22 October. The assembly elected new authorities; Jerzy Kuczynski was reelected chairman.

The assembly was attended by Jean-Paul Escoffier, secretary for international affairs of the French federation of power, gas and nuclear industry trade unions, Confédération Générale du Travail. Asked by PAP correspondent to comment on Polish-French trade union contacts, Escoffier stated that the invitation to attend the assembly of Polish energy worker unionists was a demonstration of the desire to cooperate, and of participation in joint construction of modern world, in which their toil would enable all workers to live in peace and security. There were strong bonds of solidarity between the two nations. Born of joint struggle under the German occupation, our unions can also today work together on the international trade union movement forum.

3174/9604

CSO: 2600/169

MINERS UNION REAFFIRMS TU STATUS QUO

Warsaw RZECZPOSPOLITA in Polish 27 Oct 86 pp 1, 2

[Text] The first congress of the Federation of Miners Unions, the country's strongest inter-mine structure of the reborn Polish trade union movement closed on 25 October at the "Halemba" mine gymnasium in Ruda Slaska.

On the first day, the miners-trade union members addressed to Wojciech Jaruzelski a letter of most cordial thanks for his interest in their congress, and for the wishes as contained in the first secretary's speech delivered to Katowice Voivodship report-and-election PZPR conference, and stressing the unity of workers and the unions' welcome extended to all men willing to struggle for the good of workers and of the entire nation.

In the great family of miners, there was no room for people wrecking peace, law and order.

In the course of the discussions, the Miners' Federation was presented with a banner. Union members who had distinguished themselves were presented with state and union medals and badges. Rajmund Moric was elected chairman of the Federation of Miners' Trade Unions.

During the discussions, Alfred Miodowicz referred to the integration of the trade union movement. "There are nearly 7 million of us, organized into 26,000 genuinely independent and autonomous trade unions. The unions have provided essential bonds, enabling the movement to set federal structures up. The amended law on trade unions also contributed to the movement's ability to take deep roots in our everyday social and economic life. Such unions are needed by the working people, and we will guard them as the apple of our eye. We will oppose a firm 'no' to all those pipedreaming about unions whose activities are following other principles. We are interested in just one, our class trade union movement."

A. Miodowicz continued: "We must steadily heed our programs, and shape them up in a way as to accomplish our social mission, to fight selfishness and the disregard of working people. On the eve of the second trade union movement assembly, we wish to transform it into a congress. The example

of integration had been given to miners. However, there is still a lot to be done in order to have the concept of integration embodied."

A. Miodowicz stressed that the aims as defined by the 10th congress were aims of our own. It was the trade unions' first and foremost task to defend the working people's interests wherever they may be threatened.

Participants passed a resolution concerning peace. On behalf of the Polish mining industry trade union members, they asked the world trade unionists and their organizations not to relent in their efforts aimed at good neighbor relations and universal disarmament as a guarantee of peace.

The discussions closed by the approval of the program of activities for the 4-year term of the Federation of Miners' Trade Unions.

5174/9604
CSO: 2600/169

LOCAL LEVEL REPORT-BACK CAMPAIGNS HEAR 'REAL' STORY

Warsaw TRYBUNA LUDU in Polish 8-9 Nov 86 p 1

[Article: "Down to Earth"]

[Text] The report-back campaign is progressing into the lower party echelons. In some voivodships, the campaign at the plant level is now ending. We are in the final chapter that under some circumstances is the most important one: the POP [Primary Party Organization] meetings.

In itself it is understandable that as it progresses the campaign is getting down increasingly to the realities of specific plants, local communities and nonanonymous human affairs. But that is what it is all about. "From generalization to detail" is just the kind of transition encompassed in the party policies developed by the 10th Congress that are now being realized. However, it is known that the devil resides in details. For example, it is easier to write a task in a voivodship resolution concerning conserving fuel and raw materials than to pinpoint where fuel and raw materials are wasted in a plant and who is personally responsible for the better management of these resources.

The art of formulating resolutions is not, in general, our strongest point. For too long now the very espousal of a resolution itself ("apt," "bold," "aggressive") was more important than its implementation. Even now we encounter "resolutions to please all." It is based on rewriting a higher echelon document that relieves one of thinking independently about one's own area. But this "higher" document should be an outline on which local needs and implementation possibilities are based. The closer to the source one is, the more specific and precise one can be.

The generation of a resolution whose implementation cannot be verified by any means is one of the practices that is truly difficult but necessary to eliminate. Words such as "expand," "improve" and "enrich" are really difficult to verify later on. If the party's current report-back campaign produces nothing more than real efforts to delineate specific realistic and measurable tasks instead of passing resolutions "to enrich," then the role of the campaign will be very significant.

The apportionment of individual tasks among party members, which often causes us problems because party instructions are devised on a top-to-bottom basis, can be linked in a natural way with such constructed resolutions. But experience teaches us that action is generated in the party by obligating each member to undertake a part of a jointly undertaken task.

It is obvious that concrete implementation of nospecific resolutions is not achievable. But honesty, realism and basing passed resolutions on reality can be the key to achieving that which depends on us all: a party of active work by all its members.

11899

CSO: 2600/307

PROMINENT INTELLECTUALS ADDRESS APPEAL TO GOVERNMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 24 Jan 87 p 25

[Text] Sixty-three prominent Polish intellectuals have appealed to the government and party leadership, asking them to respect dissident opinions and readmit the professional associations dissolved at the promulgation of martial law. The signatories of the "manifesto" note that the release of political prisoners in Poland has initiated the first opportunity in many years to achieve understanding between the government and the governed. "It needs a joint effort of citizens of all ideologies, orientations and convictions" to extricate Poland from the crisis. The constitution of the People's Republic, the international conventions it had ratified and the 1980 "August Agreements" with the workers, still officially acknowledged to be mandatory, offer appropriate possibilities for development. The national interest is the only acceptable restriction. "On the other hand, Polish national reason is not the monopoly of any one group or orientation." The signatories admit that "not all social demands (could be) met immediately," and that the restoration of normal relations between the public and the government power would require "time" and "good will." The social manifestations of the crisis, such as alcoholism and drug addiction and, specially, the decline in the arts, the sciences and education, are said to be not only the consequence of the economic collapse but also "and to a considerable extent the result of damaging political and administrative decisions, directed to the restriction or liquidation of individual responsibility and to compel obedience by repression."

The further ruination of Polish culture could be stopped only by greater freedom. That, in turn, would be possible only if the rulers were to "permanently" refrain from coercion. Many writers, reporters, actors, artists and scholars in various disciplines were still outside the existing professional organizations, because the associations newly admitted--though mostly with their former names--had been unable to restore the "platform of collegiate relations." The "manifesto" concludes with the request for "restoration of the opportunity--guaranteed in the Constitution of the People's Republic of Poland--for artists, scientists and educators to organize themselves in autonomously administered associations."

The 5-page text was dispatched to the party leadership organization, the Council of State and Parliament. The signatories include the historians Bronislaw Geremek, Jerzy Holzer and Adam Michnik, writers and poets such as Andrzej Szczypiorski and Wislawa Szymborska, the Catholic journalist Jerzy Turowicz and literary historian Jan Jozef Lipski, all with close ties to Solidarnosc.

BRIEFS

PZPR SECRETARY IN HUNGARIAN JOURNAL--Budapest (PAP). The popular Hungarian evening paper ESTI HIRLAP has published an interview with Janusz Kubasiowicz, candidate member of the Politburo and First Secretary of the Warsaw PZPR Committee, by a representative of that newspaper. He was visiting the Hungarian capital at the head of a delegation from the Warsaw PZPR Committee at the invitation of the Budapest MSZMP Committee. [Text] [Warsaw TRYBUNA LUDU in Polish 18 Nov 86 p 6] 9909

FRG POLONIA REPRESENTATIVE VISITS--On 19 November, Deputy Chairman of the Council of State Tadeusz W. Mlynczak, the president of the "Polonia" Society for Ties with Polish Emigres Abroad, received a delegation from the Main Board of the "Zgoda" Union of Poles in the FRG, headed by President Wladyslaw Janik. [Text] [Warsaw RZECZPOSPOLITA in Polish 20 Nov 86 p 2] 9909

CPSU CC EDUCATION DELEGATION VISITS--From 13 to 19 November, a delegation from the Department of Science and Higher Education of the CPSU Central Committee, headed by deputy department chief Viktor V. Rynkov, paid a working visit to Poland. The delegation held talks at the PZPR Central Committee's Department of Science, Education, and Scientific-Technical Progress on the subject of intensifying cooperation between the Central Committee departments and higher schools. There was an exchange of experiences in the area of the activities of party organizations at higher schools in light of the resolutions of the 10th PZPR Congress and the 27th CPSU Congress. The Soviet guests held talks at the voivodship committees, and visited many schools, in Warsaw, Krakow, and Lodz. The delegation was received by Tadeusz Porebski, member of the Politburo and secretary of the PZPR Central Committee. [Text] [Warsaw RZECZPOSPOLITA in Polish 20 Nov 86 p 2] 9909

PZPR ACADEMY SEMINAR ON ENTERPRISES--The Academy of Social Sciences and the Social-Vocational Department of the PZPR Central Committee organized a scholarly meeting devoted to the social role of enterprises. Representatives of plants, scholars, activists from worker self-government bodies, party organizations, and trade unions, and members of social organizations were invited to take part in it. The discussion and the reports presented at the meeting concentrated on the tasks of plants in the formation of the sphere of nonproduction relations. [Text] [Warsaw ZYCIE WARSZAWY in Polish 20 Nov 86 p 2] 9909

BARYLA MEETS INTERIOR MINISTER--Brother Brigadier Salih Munassar al-Siyayli, member of the Political Bureau, deputy prime minister and interior minister, yesterday met Comrade Jozef Baryla, member of the Political Bureau and secretary of the Central Committee for security and defense, in the secretariat of the PZPR Central Committee, who referred to the growing and developing relations between the two parties. Yesterday, brother al-Siyayli met a group of Yemeni and Arab students studying in Warsaw and explained to them the nature of the tragic events our country witnessed and the efforts of the YSP to overcome the aftermath of the 13 January conspiracy and to normalize life. He also referred to the general amnesty decision and to the important tasks placed by the Central Committee before the party members and the masses of the workers. The Arab students expressed solidarity with our peoples' struggle, emphasizing the importance of the 14 October revolution in the course of the Arab struggle against imperialism and Zionism and for peace and social progress. [Text] [Aden Domestic Service in Arabic 1630 GMT 15 Feb 87 EA] /12232

GWIAZDA, DELEGATION DEPART IRAQ--Wladyslaw Gwiazda, deputy chairman of the Polish Council of Ministers, and the accompanying delegation left Baghdad today at the end of a 3-day visit to Iraq. In a statement to INA, he said that the Polish delegation's talks with Iraqi officials resulted in signing an agreement for economic, financial, and trade cooperation between the two friendly countries. He also expressed his country's appreciation for Iraq's positive positions on ending the Iraq-Iran war. He was seen off by Hasan 'Ali, RCC member and trade minister; Subhi Yasin, minister of industry and minerals; and the Polish ambassador in Baghdad. [Text] [Baghdad Voice of the Masses in Arabic 1600 GMT 26 Jan 87 JN] /12232

PDY INTERIOR MINISTER VISITS--Warsaw, 12 [date as received] February--Comrade Brigadier Salih Munassar al-Siyayli, member of the Political Bureau and minister of the interior, yesterday arrived in Warsaw on an official visit to the Polish People's Republic in response to an invitation from Comrade Lieutenant General Czeslaw Kiszczak, member of the PZPR Politburo and minister of the interior. In a statement after his arrival, Comrade al-Siyayli expressed his [word indistinct] at visiting friendly Poland, saying we are linked with strong militant relations in our struggle against imperialism and Zionism, and for progress and world peace. [Text] [Aden ANA in Arabic 1710 GMT 13 Feb 87 EA] /12232

PDY MINISTER BEGINS TALKS--Warsaw, 14 February (ANA)--Official talks began yesterday in Warsaw between Comrade Salih Munassar al-Siyayli, member of the Political Bureau, deputy prime minister and minister of the interior and his Polish counterpart, Czeslaw Kiszczak, member of the PZPR Politburo and minister for internal affairs. In a comradely atmosphere the two ministers discussed the relations between the two ministries and ways of consolidating them. Comrade al-Siyayli commended the giant efforts exerted by the PZPR in facing imperialist moves aimed at Poland and its socialist system. The Polish side also stressed their appreciation of the measures taken to normalize life after the bloody events our country witnessed during the bloody 13 January conspiracy. During his visit, Comrade al-Siyayli met the Polish prime minister who stressed Poland's solidarity with our people's struggle for the sake of liberty and safeguarding national independence. [Text] [Aden ANA in Arabic 1755 GMT 14 Feb 87 EA] /12232

MINISTERIAL COMMITTEE ON SOCIAL ORDER PLAN--A meeting took place at the Council of Ministers Committee on Observance of the Law, Public Order, and Social Discipline among representatives of the ministries and central agencies active in the area of education and upbringing, health care, and peace and public order. The subject of the meeting was a discussion of the manner and extent of the introduction of the measures planned for those ministries and institutions in the government's "Schedule of Implementation of the Tasks Resulting From the Program for Preventing and Fighting Social Pathology and Crime in the Years 1986-1990." [Text] [Warsaw ZYCIE WARSZAWY in Polish 20 Nov 86 p 2] 9909

KIELCE, PRZEMYSL DEFENSE COMMITTEES--Voivodship defense committees met on 22 October. In Kielce, the committee discussed the results of the campaign of recruitment of youth to military schools. In Przemysl, preparations were evaluated for winter activities at Zurawica-Przemysl-Medyka land harbor, Poland's largest, an important Poland-USSR trade exchange center. The meeting was attended by Wlodzimierz Mokrzyszczak, Politburo member, chairman of party central committee control and revision commission. On the same day, W. Mokrzyszczak met with presidium members of the Przemysl Voivodship party committee secretariat and control and revision commission. [Text] [Warsaw TRYBUNA LUDU in Polish 23 Oct 86 p 2] 5174/9604

CSO: 2600/169

WRITER'S IMPRESSIONS OF UNITED STATES

Bucharest ROMANIA LITERARA in Romanian No 6, 5 Feb 87 p 24

[Article by Antoaneta Ralian]

[Text] A strange sensation, one of a fabulous non-reality, which is given to you by a visit on the American continent, one which arises even from the plane. I fly above the immenseness of the Atlantic. On the screens in the plane's cabins appear movies which are unintelligible to me, for which I did not want to pay to get the earphones to put the apparently absurd movements of the actors on the screen with their words. I would rather watch out the window in the sun's glory from the great heights, watch the dots on the thrilling ocean, which are clearly visible through the breaks in the puffy, immaculate clouds. Little white, Lilliputian boats appear in the blue water; of course, they are the immense trans-Atlantic liners. The Gulliver-type vision is fascinating. And I also know that in far-off Bucharest, left behind, it is late evening in late November, while it is midday in New York, where I'm heading. But here and now it is no hour; I am suspended in nobody's space and nobody's time.

Suddenly in New York everything appears in geometric, massive forms, of a rigid angular elegance and everything is large-scale, overwhelming: Gulliver in the land of the Giants. I try to rediscover excitedly the old symbols, the permanent things so that I can put to rest the need for continuity. Yes, the Statue of Liberty, the magnificent Miss Liberty, which recently underwent a radical facelift at the age of 100, rises up with the same implacable firmness, the torch and head crowned by spiky rays. The two colossal twin buildings of the World Trade Center, like two giant raised fingers, dominate all of New York from their 110 stories. From the circular balcony on the 110th floor, the city offers you on a tray the bays, bridges, islands, skyscrapers and uninterrupted areas of miniature multicolored cars. Back in the heart of the city, the Empire State Building which so long displayed its pride at being the highest building in the world resignedly holds only 102 stories with an old, outdated air. Sic transit. Along the vaguely foggy bank of the East River, the palace of the United Nations, rectangular and flat as a piece of architectural cake, is cooled by the flutterings of the colored fans of the world's flags. And the same incongruence strikes me on the celebrated Fifth Avenue: between the rectangular, conical, cylindrical skyscrapers which appear to be competing in inventing new forms and lines and geometrical angles, is St. Patrick's Cathedral, heavy and paradoxical, Gothic down to the spine of the bricks, with the steeples, spires, arches, stained-glass windows, and the lace of stone, which remind you of the cathedral in Cologne or Chartres. I was to meet up with such anachronisms in

concrete all through my trip through America: the University of Chicago, Duke University in North Carolina, where the entire campus, down to the student dormitories, are built in the same flamboyant Gothic style. Puzzled by the abundance of steeples and strongholds, I asked when the university was built and a professor told me it was in 1930. "And why this imitation?" I continued to ask with the false superiority of the European, ready to label it kitsch. The answer impressed me: "From the eternally human need for tradition, for the past, for reviving the traditions of our European forefathers. And when you cannot have the original, you are thankful for a copy. A memento."

On the other hand, the mixed-up hybrid of Gothic arches and skyscrapers disappears in Washington. A well-spaced, airy city, with vast green public grounds where the gray squirrels frolic and with neoclassical buildings loaded with columns and Baroque decorations. Here the throbbing verticalness gives way to a comfortable and grand massiveness.

In the majestic, opulently decorated Library of Congress, the biggest public library in the world, containing more than 81 million products of writers', musical and film creations expressed in more than 470 languages, I am taken under the immense arches done in Carrara marble mosaics to Reference Room 2. I discover with the pleasurable thrill of rediscovery the familiar bindings of all the editions of the linguistic or encyclopedic dictionaries, Romanian-English or English-Romanian dictionaries as well as some issues of "Romanian Revue" and the English version of the "Bulletin of New Books."

Echoes of Romanian culture were to reverberate continually in various ways. In the Museum of Modern Art in New York, after I visited the famous traveling exhibit of "Vienna 1900," the Viennese Secession period in architecture, fashion, interior design and, particularly, graphic arts, from the luxurious exoticism of Gustav Klimt up to the Expressionism of the early works of Kokoschka, I headed for the spacious galleries. You become dizzy with the wealth and sometimes crude and nude vivaciousness of the colors, the unusualness and boldness of the pictorial or sculptural forms, the effort to distinguish the seeds of abstracted specific down to the concept and, in particular, the avalanche of familiar names, flattering for your small spectator's snobism before the masters. After you leave the immense gallery with all of Picasso's periods, you penetrate a kingdom of serenity, of essences, of the immateriality of matter, as if ready to take up from gravitational pull: "Maistra," breaking loose from the white marble, "The Cock," spiraled, "Fish," contrasting through its gracious horizontal nature with soaring forms and floating in marble; one of the versions of the pensive Mademoiselle Pogany, burying her mystery in bronze.

I was to meet up with Brancusi again in Chicago, in the extraordinary Art Institute which offers, against the background of an entire wall of daisies and swimmers of Matisse, the ovoid "White Negress," set on a wooden post which reminds you of the chairs in Tirgu Jiu; "Leda" of white marble sits on a stone table suggesting the "Table of Silence," as well as the bronzes of "Sleeping Muse" and "Torment II." In the same room, on a long wooden table, two elongated and rough silhouettes by Giacometti are watched by "Two Penguins" in white marble and a "Old Figure" in stone (a reminder of Hobbita?), also by Brancusi. The American museums seem to be more comprehensive, more generous than the European ones, even the museums in the provincial cities seem to have been seized with an ardent emulation for acquiring the holy names.

Naturally, the human spectacle taking place at a throbbing rate, in the non-stop bustle of the streets, of the sidewalks covered with graffiti in New York, the els on the high platforms in Chicago, the cablecars of San Francisco, the malls, vast underground commercial centers, true cities on wheels, the kaleidoscopic spectacle of the faces of all colors, shades and somatic characteristics, sharply contrast with the sublime stony stillness of the museums.

As a translator of Anglo-Saxon literature I felt the need to know and understand aspects of life, types of mentality and thinking, of the concerns and aspirations of those who supply the models for the characters in the books I translate. I had the chance to meet illustrative examples throughout the entire range of social and intellectual hierarchies, from the family of the former Hemingway (who was linked with the writer only in his explosive vitality and moral robustness) up to the modern writers like Kurt Vonnegut or the black novelist who won the Pulitzer Prize, James McPherson. I am not trying to force generalizations. But everywhere, in homes, in universities, in restaurants or subways that same communicativeness, that same warm and spontaneous sociability and desire for human communication struck me at first and later contaminated me. Doubled by a faith in life, in people, in you, in good and peace and the prosperity which the future cannot help but ratify. An opening which embraces you mentally, a lack of sophistication—both intellectual and existential—which does not border on simplism but on the moral health of Whitman. Toward me, the visitor of Romania, a friendship addressed to the country I was coming from and a curiosity full of feeling for the social and cultural relations of the Romanian people.

At the Writers Center in Bethesda, an organization numbering 2,000 members from all over the country, the center's secretary, the novelist and playwright Allan Lefcowitz, confessed that he was perfectly informed about the organization of the Union of Writers of the Socialist Republic of Romania from the conversations held with the writer Constantin Chirita who had visited the center a year before. At the University of Iowa, at the well-known International Writers' Workshop—a writer's workshop, admiring memories continue and I am told about the visits of Constantin Toin, Marin Sorescu, Al. Ivascu, Nichita Stănescu, Ana Blandiana, Dinu Flămând. The world knows and loves them. Also in Iowa, Fred Stavros Deligiorgis shared his experiences and the difficulties encountered during his many translations of Romanian poetry, starting with Brăncuși and up to the anthology of Romanian poets. Wesley Kort, a professor of literature and critic at Duke University in Durham, who had visited Bucharest, was enchanted with the meeting of the Union of Writers and recalled several interesting questions asked by Marcel Mihalas; he was interested in Edda Lupu, Ilean Comsa, Fred Ștefan Stănescu. Beth Duilap of Chicago, an ethnographer, showed me albums of costumes from Maramures designed two years earlier, when she made a study travel in Romania and she spoke enthusiastically of the scenery and customs of Maramures and the warm hospitality of Profs Virgil Candea and Paul Petrescu. And Kurt Vonnegut—whom I stated that he was my favorite writer, half out of conviction, half out of friendship, asked, looking from under his shaggy brows, "So why don't you translate me in Romania?" He gave me a gift of his newest book, the phantasy entitled "Galapagos," which he designed as a self-portrait from the scrolls and zigzags and he promised: "I want to come to Romania when the translation of this book is completed."

Everything is designed large-scale in America: the buildings whose roofs touch the sky, the monumental statues, Grand Canyon from which, from a depth of 1,600 meters, true domes and cathedrals and medieval fortresses rise from the red granite sculpted by the Colorado River which winds wonderfully blue among the purple rocks for 2,850 kilometers, Niagara Falls which deafeningly throws mountains of drops and foam and clouds from the height of a 17-story building... All this is big in an unreal way and, yet, you the traveler do not feel miniscule because those surrounding you are of a simple, warmly human size.

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CS0: 2700/142

ECONOMIST ADAMOVIC INTERVIEWED ON CURRENT ISSUES

Belgrade MLADOST in Serbo-Croatian 8 Dec 86 pp 14-17

[Interview with Ljubisa Adamovic by Misko Kalezic, date and place not given]

[Text] [Question] The idea of introducing capital stock in our economy is not a new one, nor are many of the measures which the civilized world has embraced as its own. I know that you will say that it would be good if we first mobilized domestic capital which is lying unused. Is it possible to achieve that in a situation when it is clear to almost everyone that many of the features of our system set up a serious barrier against that?

[Answer] First of all, what kind of effort and how great an effort is Yugoslavia making together with our other business partners to alleviate the pace of repaying the foreign credits? This question is not without importance. After all, when foreign creditors see that we as a country are doing everything, their respect for us is also considerably greater. Yet we, whether we admit it or not, are still not doing everything to make it easier for us to repay the loans. It is true that no small portion of our own capital is lying unused.... Why? Perhaps because even today we have a system in which it pays a young man far better to sell whatever property he has and buy an automobile than to invest his money to purchase housing and thus to solve the problems of his family and his future. I repeat, even today we have a system which gives our citizen a greater incentive to purchase a lot somewhere, to invest in building a weekend cottage which he will use 30 or 40 days a year than, say, to invest in the "Crvena Zastava" Plants, so that tomorrow, as a stockholder, he would have the right to ask the director of the firm there what he is doing with that investment of his. This is said not to be socialist. It is terrible! The terrible thing is what we are doing with that potential stock capital we have.

Outside of All Common Sense

[Question] Judging by the logic that prevails today in our society, the only money that is well invested is the money invested in dead capital. No intelligent person in the world today sees even a whit of sound logic in that.

[Answer] Not only does no one see it looking from the outside, it lies outside all sound reasoning. I ask you, where have you ever seen all kinds of

weekend cottages being built on tillable land? That is another widespread phenomenon in our country. To go on, why is there no interest in investing in our economy? The answer is clear--there is no incentive! A solution also has to be found for that. It is urgently necessary to diminish as soon as possible the legal restrictions that exist in that respect. For example: Let us take the 10-hectare maximum landholding. The 10-hectare maximum was adopted in 1953 when the country was cultivated with a hoe. And today I stand before you and say that an immense number of children in the city do not even know what a hoe looks like. I also doubt that any of our more modern agricultural producers uses a hoe today. After all, it is no joke to till a hectare of land by hand. But today, when certain opstinas in Yugoslavia have more tractors than the entire kingdom had in 1939, today, when we, as the English would say, are overmechanized, we have more machinery than we need. Why? Because it is very important that both I and my neighbor have a tractor to till 5 hectares of land. Absolutely, it is a matter of prestige to have a tractor, I earned it by working in Germany, although one would be quite enough both for me and my neighbors. Thus it turns out that we have machines, but we do not have enough land. All of it taken together, it seems a bit like a vicious circle. But I won't run on any longer: Everything has to be done to get the land into the hands of the person who will cultivate it better. The same thing applies to the limit on the number of employees in the private sector.

There Are No Saints Any Longer

[Question] The shock caused by the Chernobyl nuclear disaster gave a new life to stories about the extremely important matter of the transfer of technology. In spite of the many evident benefits from application of modern technology to production processes, the greater productivity also means dependence, the profiteering professional management structure that acts as the middleman quite often counts on immense profits (personal profit) in making a decision in favor of one manufacturer of modern technology rather than another one. Don't you think that this is a very lucrative business? And how are we to put a stop to it?

[Answer] Your question falls in the sphere of overall social ethics. There have always been criminals and dishonest people. There will continue to be. There is no economy in either East or West and there is no activity in society in which everyone is irreproachable and pure and--as we say--in which everyone is a saint. The only question is the attitude that society takes toward someone when he does something contrary to the social norms and explicit legislation. Because of the present status of property, especially social property, I am afraid that we do not have in our country the social ostracism nor pressure on those who swipe social property. A man who would kill you if you laid a finger on his car or his land or broke a tile on his roof, when he sees that you have become rich at society's expense, says "See how resourceful he is!" He looks at you with a certain amount of admiration, to some extent he would like to imitate you. If he does in fact criticize you, that is more because he does not have the courage to do the same thing than because he actually is repelled by this. What I am saying is that this is a question of a general attitude, of a moral crisis, which Professor Lukic has spoken about so well that I have nothing to add.

You know, I do not believe in irreproachable people and irreproachable honesty. But if elements of competition are instilled in our personnel policy, in science, in all the creative fields, pressure will also be exerted in that direction so that those who trump things up, those who "rig the results," will have less room in which to maneuver. The monopoly on information, the confinement of decisionmaking to a small group, all this favors various kinds of wheeling and dealing in various areas.

[Question] You are in favor, then, of public scrutiny of proceedings?

[Answer] Absolutely! That is why even today as a professor, and yesterday as a student, I have been in favor of public examinations. Let everyone have the right to come and hear the candidate whether he himself is to be tested or not. This is an important defense built into the system against the pressure on teachers to grant someone a special privilege, and at the same time pressure is put on the student. The candidate is exposed to the danger of being told by his colleagues: "So, it was not his fault, you didn't know the answer...." At the same time when the examination is public, I am prevented from behaving like some autocrat and grading the candidate's performance on the basis of some personal bias. Every public activity, I don't know how many times I have said this, also presupposes the right to public criticism. So one should become involved in public affairs who is not able to confront the criticism of the public. This is likewise one of the ways in which selection of personnel is done.

The Public Against Wheelers and Dealers

[Question] In our everyday practice it is simply the way things are done to have someone put in a good word for you, but this is done secretly and by word of mouth. As far as I know, you are in favor of references, but you want them to be public and in writing.

[Answer] It would be quite proper for references to be part of the process of competition for ordinary jobs. But I am only in favor of written recommendations, not those by word of mouth or over the telephone, and this must be a public act. If someone wants to stand behind a particular candidate, then let him stand up and be counted and sign a statement to the effect that he is such-and-such, that he has such-and-such virtues, and then, I repeat, let this be recorded in writing. And I can tell you that there would be many fewer strings pulled than in the case today. When you tell a man: "Write down everything you have told me and sign it, let it be entered in the dossier as an official document," you will see how many people will give up their proteges.

So, I feel that the public scrutiny of proceedings is an important barrier against various kinds of wheeling and dealing, including those large commissions when large purchases are made. The purchases and values involved are immense.

[Question] In that case I think there would be fewer people in favor of building nuclear power plants. Of course, here I am thinking above all of those in a position to make decisions.

[Answer] The uproar that was raised over building nuclear power plants in Yugoslavia is quite unnecessary. As an economist I do not see that we have any chance whatsoever, even if Chernobyl had not occurred, even if everything were ideal from the safety standpoint, in technical terms, to build the nuclear power plants there has been so much talk about. We simply do not have the funds to buy them with! I wish someone would explain to me where we are to find another \$5 billion?! They don't exist! Accordingly, this has been dropped from the agenda as a current purchase. Absolutely!

Crimes That Are Covered up

[Question] It is a striking thing, especially in the recent past, that a certain number of scandals have not been fully exposed for reasons "inexplicable" to us. It is a simple fact that some of the perpetrators of these criminal acts remain untouchable, an exception to all responsibility and criminal prosecution. To be sure, this is talked about, timidly as yet, to the effect that the perpetrators of these criminal acts are "covered" by their political positions. What do you have to say about this crime?

[Answer] It is very easy for me to answer that question, since I am an amateur. In other words: I bear no professional responsibility whatsoever. There is a great deal here that socialism has to learn from the bourgeois system, from the French Revolution, and it has to do with the division of powers into the executive, legislative, and judicial. This kind of division of power is a much greater guarantee that a country's constitutional and legal provisions will be respected than any model of socialism that has come along so far—from the Soviet model to our own.

And since when we look at the microlevel it is nonsense to expect that the trade inspector in the opstina who depends on the opstina for his job will set things to rights in that same opstina. For him to impose penalties on opstina enterprises, I tell you, we do not have to invent anything here, it has all been invented, socialism would merely become stronger if more elements of fairness and objectivity were instilled and if the courts were insulated from the pressures that are possible in this system of so-called unified authority.

[Question] But in that case the illusion would be dispelled that the working class is the class which possesses that unified authority.

[Answer] First: Why did the bourgeoisie as a class commit itself to the separateness and independence of the executive, legislative, and judicial powers? The answer is extremely simple—so as to better safeguard its dominance. This has proven to be accurate. So now the question I ask is this: Why shouldn't the working class do the same thing in order to better safeguard its own dominance? After all, this is a mechanism which down through history has proven itself to be very effective. Or perhaps we still "believe" in the existence of capitalistic mathematics and socialist mathematics. To tell you the honest truth, that would not surprise me. With us anything is possible.

The method of preserving the system whereby a class maintains power has proven to be far better, more effective, and acceptable for the majority of the

population through divisions and through unity. That so-called unity offers a greater possibility for machination and the application of pressure. Nevertheless, it would be much better for some legal expert to concern himself with these matters, now that I have made my comments as an amateur.

The Abandoned Elite

[Question] Our everyday politics, and even some of our scholars, simply shudder at the idea of elitism. As though elitism were something harmful and baneful in science, in creativity, in culture in general. How did we arrive at that definition of elitism?

[Answer] I do not know why the sociologist put the term "elitism" on the blacklist (probably they have their reasons). First of all, let us look at what is implied by that term. When I use the term elitism, I imply someone who has a first-class knowledge of his job. A national elite is made up by the best in that nation--from the best food producer to the best machine tool operator, from the leading designers to the leading project planners, from first-class masons to first-class physicians. So, that small percentage (it depends on the field, in some places it is less than 1 percent) who are the most creative in their class, who offer the example of how the thing should be done well, sensibly, and wisely. Of course, there is also the creative portion of the population that is predisposed to innovative breakthroughs that mean progress.

It is hard for any nation that lacks such an elite!

[Question] Are you also thinking of the political elite?

[Answer] This would also apply to the political elite, but not a political elite that is based on monopoly and position, on how long it has been in the seats of power, but one based on the freshness of its ideas, on respect for the presentation of objective thinking, on a readiness to make an accounting to the public for what it does, all the way to a readiness to take the lead in personal effort and commitment. After all, if we had not had such an elite, if we had not had the people who corresponded to the conception of an elite we are talking about now, we would wonder why the Communist Party came to power. Accordingly, for me an elite is not based on blood or origin, but on the way in which it discharges its obligations to society and the place which it has in the social division of labor.

[Question] Accepting your definition of the elite, can you tell us what its status is today?

[Answer] The elite in Yugoslavia has been left to itself. This is especially dangerous when it comes to talented young people, who are given support in all societies. When you see in the newspaper the name of one of our young people who has won a competition in mathematics or music, although perhaps he has not even reached the age of 18, be certain that from that moment he is in the data bank of several countries as a potential talent. And this is not done just with us, but with a large number of individuals of the underdeveloped countries. What am I saying? Well, I am saying that there is an international

search for talent, for the most creative segment of a nation. And we are allowing our most able and leading young people, in New York I met several specialists in electronics, to just go away. These people would have stayed here in Belgrade if they had been able to get their own two-room apartment, and that is the only reason we have lost them. And they represent, say, only 5 percent of the engineers emerging from one or two generations throughout Yugoslavia. When you lose that most precious element of "gray matter," then that is a loss to Yugoslavia.

[Question] Yet no one is disturbed by that.

[Answer] A certain part of that drain is inevitable, since as a small country we cannot finance every kind of research. But to our misfortune we do not know what it is we should be nurturing when we lack a development strategy. That is another irreplaceable loss for Yugoslavia.

Headless Flowers

[Question] Hints of possible changes concerning the attitude toward talented people have been so timid that few people believe in such a possibility—at least for the foreseeable future. Those who are obedient and incompetent continue to be prized.

[Answer] And instead of being proud of having so many talented people, we simply throw them to the winds. And this is not an accident by any means! This suits a certain stratum of Yugoslav society—for there to be an actual emigration of talented people, for there to be what is called internal emigration, which means people withdraw from scientific and public life. It is clear why: When there is no elite, then it is easier for mediocrities to run things!

[Question] And no one makes waves.

[Answer] Right, no one makes waves, there is no petition, there isn't anything! This is a serious problem. Our society is casting aside what is most precious. You can import machines, you can import equipment, you can find managers who will deliver you goods, but you cannot go out and get intelligent, talented, and creative people.

In the struggle among the three large centers in the West (the Soviet Union stands a bit apart in this regard) for dominance and control in the 21st century, which is going on between Japan on the one side, America on another, and western Europe on a third side, the United States is already seen as the leading power in this area. But a fierce fight for superiority in coming decades is being waged, and that superiority will be based on predominance in technology. Is it any wonder, then, that a fierce battle is being waged to attract talented people from all parts of the world?!

And, of course, sights have been set on talented people in our part of the world.

[Question] Does a knowledge of the development of our society, of all its contradictions, of the troubles which have accompanied it, leave at least a trace of a brighter future, of a way out of the profound crisis and apathy which has seized us? Is Professor Adamovic an optimist in this regard?

[Answer] Let us be clear: I am an optimist by nature, and that is something irrational. But that is an optimism which in a certain way is also harmful to me. In some situations it simply bothers me to become aware of the full gravity of our crisis, of the situation we find ourselves in. I mean to say that it is harder for me to realize the seriousness of the situation.

With respect to all objective criteria the Yugoslav situation is far from hopeless. I am almost certain that many economists, if they had all of our parameters, would rather make decisions about the Yugoslav economy than about the economy of any other country.... Why we do not do that and do not take advantage of that is another question.

7045

CSO: 2800/124

COMPUTERIZATION OF EDUCATION SOUGHT

Prague RUDE PRAVO in Czech 19 Nov 86 p 1

[Editorial: "Electronics and Youth"]

[Excerpt] Electronics is penetrating deeper and further into every area of social life. Its introduction in school curricula has therefore become an essential requirement of our day, which calls for the fulfillment of the implementation program stipulated by the CSR and SSR Ministries of Education on the basis of a long-term comprehensive electronization program in our educational and school systems.

The electronization program is planned for all levels of our educational system, from nursery schools to universities. It is axiomatic that everything cannot be done at once because of the enormous costs of materials and because manufacturers' capacities cannot meet the demand. Moreover, we do not have enough educators--teachers who would ensure proper approaches to this very challenging task. This we can understand and therefore, we can appreciate the attention focused on diversified experimental approaches which have produced positive results and good experience in recent years.

The teaching of electronics and computer technology in our schools is not entirely new. In secondary vocational schools, high school departments with focus on mathematics, secondary training schools and particularly in technical colleges we have been training for several years specialists for construction, industry and application of computer technology.

With the electronization program in education and training we have entered in this school year a new stage by introducing information and computerization as a required subject of study in academic preparatory and other secondary schools. We have no other alternative if we want that our young generation leave school equipped with all necessary knowledge for the fulfillment of tasks set for our national economic development in projection to the year 2000. Our era demands that high school graduates be acquainted with computer technology and able to use it as much as possible, learn basic programming already in high school, and know how to apply their knowledge of information and computer technology to other subjects, so that their knowledge may serve them as a point of reference and prepare them for tasks in every area of R&D.

Thus, the acquisition of necessary knowledge of electronics and computer technology is not the ultimate goal of their study, but above all, a means by which a whole generation is prepared for life in the era of the R&D revolution and trained for its application in every field, so that our young people may keep in step with further advances. It is that the special subject of information and computer technology does not call for simple memorization and earning of appropriate grades, but that it becomes the content of school work.

We must not forget that even in social life electronics and computers are not the goal of R&D but they are sophisticated devices which distinctly affect the quality and the rate of development in science, technology and production, provided that they are creatively used and applied. Our young generation must learn precisely such a creative approach in secondary school, if not already in elementary schools.

We do not have to fear for our young people. They have a positive attitude to electronics and computers. Students' contact with a computer--a device with which they may communicate on a higher level--encourages their desire to learn and also their logical thinking which is a precondition for learning of complex processes in every area of R&D. Logical thought for them the door to other challenging subjects.

We must take advantage of this attitude of our youth to that new subject. It would be a shame if the teachers themselves would hurt it by using old methods of instruction. Therefore, instructors must be well trained to introduce this new subject. Teachers' colleges and post-graduate study courses have promptly taken certain steps to teach information and computer technology.

This effort cannot be slackened; on the contrary, ways must be sought to assure more intensive teachers' training. Here it is obvious that we must prepare the current generation of educators to teach this subject, which will not be an easy task due to women's more rigid attitude to new technology in general and due to considerable feminization of our schools. On the other hand, many examples to the contrary show that women who developed a positive attitude to electronics are able to inspire young people with obvious enthusiasm and emphasis. We must use such attitudes to the best advantage.

It is self-evident--and there are certain signs in evidence--that all parents are not fully supporting this new subject. Objections are voiced against the high price of microcomputers when students buy them for their own use. Essentially, however, the indirectly advanced view is that this is just a fad promoted by our school system, because the great majority of our middle-aged and particularly older folks lack necessary knowledge of electronics, computers and other technical aids with which the sweeping R&D progress has surrounded us. They assume that most of them will never need to use such devices in their work, not to mention in their free time. This is precisely the reason why we must resolutely insist that this is no flash in the pan but a requirement of our school training without which our young generation cannot be prepared for the tasks it will have to face in the nearest future, let alone the task of another decade.

The 17th CPCZ Congress stipulated also the following task as its demand for better education of our young generation: "To furnish schools with all necessary modern technology." That does not mean only pocket calculators but also other aids that will promote a qualitatively higher standard of learning. Although we are fully aware that our traditional manufacturers of teaching aids lack adequate capacities to meet that requirement, this task involves several other sectors. As for pocket calculators, we expect full support of our electrical engineering industry.

It is obvious that for the future it will be necessary to design most expeditiously a school computer for secondary schools, or two or three standard models that will meet the demands of contentual objectives of instruction. They must be inexpensive and operate flawlessly, and finally, they must be designed with the understanding that not all their users will know how to handle them; in other words, they must be sufficiently resistant to wear and tear and easily repairable. Not only must they be designed but also manufactured. If we consider that every secondary school will need 20 microcomputers and if we intend gradually to implement the entire electronization program comprehensively and in a diversified manner on all school levels before 1995, we have no time to waste.

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